

# No-Load Mutual Fund Selections & Timing Newsletter

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Dear Subscriber,

Wall Street shivered today in the heat of summer. It seems to finally be noticing that Congress and the President haven't yet raised the debt ceiling and the deadline to do so without defaulting in some way is now less than a week away.

At the same time today, the economic news came in unexpectedly weak. Durable goods orders, a measure of manufacturing, declined 2.1% in June. The Fed's Beige Book reported slower growth in 7 districts. It also revealed that the Minneapolis district where state government shut down for 20 days was very weak. Maybe that too triggered the reaction by some when a microcosm of the vast connections between government spending and economic activity was uncovered and projected across the country.

Still, there is some time left for them to get it together. Let's hope those shivers wake them up.

## PORTFOLIOS

No portfolio changes.

## TIMING

No timing changes.

Stocks Intermediate-term neutral. Long-term bullish (though questions are getting raised)

Fear levels are rising somewhat. But I don't see any sort of buying signal until and unless the market starts to make some positive divergences in the weeks ahead. This might happen if an index takes out its June or March lows, while others stop short. Coming into this correction, I mentioned that the market had actually made its first negative divergence in early July, the first made since the bull market began back in March 2009. It is a negative and points out that the market has come a long way and has discounted lots of good economic recovery news over the last 2 1/4 years. But at this juncture, like Congress, stocks seem to be at an impasse now. The one key driver will continue to be low interest rates, yet this depends somewhat on the debt negotiations. There is much uncertainty in many areas to monitor and analyze, but I continue to expect the markets to recover again in the quarters ahead. We raised some cash a couple weeks ago, so feel fairly well positioned at this time.

Bonds Neutral

Gold Neutral

Thank you,

Steve McKee  
Editor