

# Stock Selections & Timing

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Issue 1

## Strategy Signals From The Past

Both for this newsletter and in general, the strategy I use to try to make money in the markets over the long term could be summarized as buy with the major trend and against the minor trend. That is the ideal world.

The chart below shows these signals as applied to the S&P 500 ETF (SPY).

This period covers the re-

cent bear market and subsequent bull market.

I measure the main trend by a simple moving average (the smoothed red line on the top portion of the chart). If it is trending up, then we are by definition in a bull market. If it is trending down, then by definition we are in a bear market.

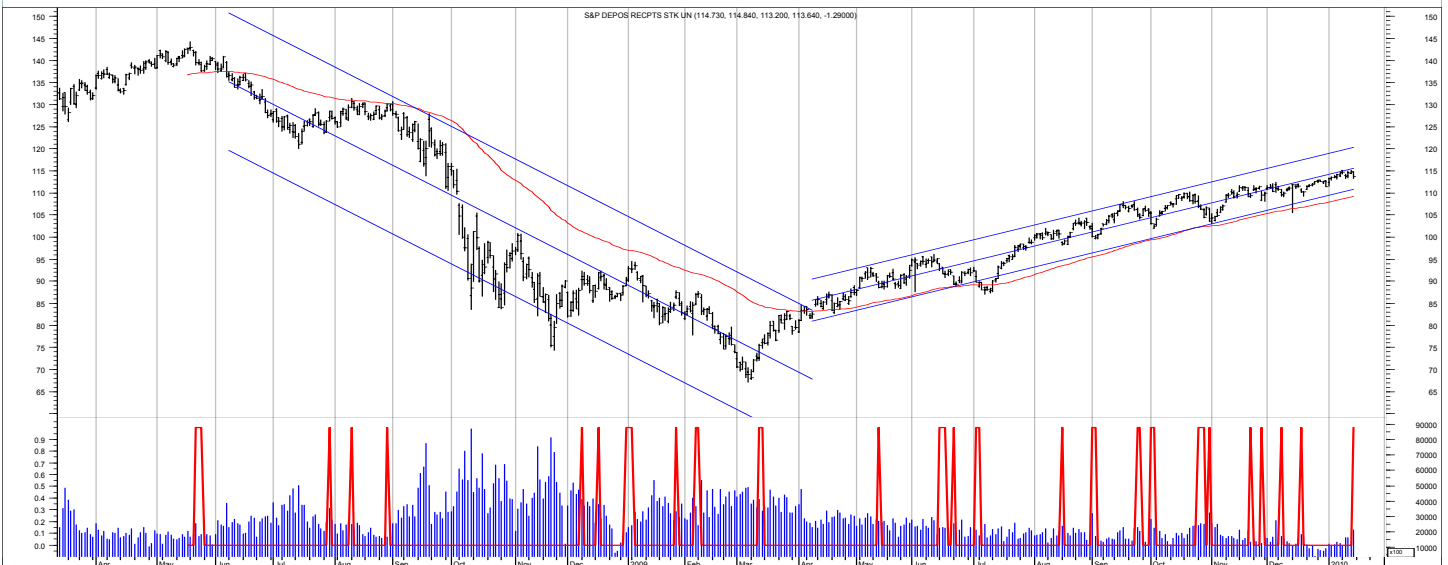
The signals come against

that trend.

For example, right now the market is trending up. It is in a bull market, but it pulled back enough to trigger a buy signal.

What we do not see is any subsequent signals to 'take profits' or 'cover shorts'. Generally, these would occur when the major trend shifts.

More on this next week.



The chart is the daily S&P 500 with green line a 200-day moving average.

## SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	0.0%					0.0%
Dow30 Portfolio	0.0%					0.0%
Wilshire 5000	2.5%					-0.6%
Dow Industrials	1.8%					-0.1%

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# Stock Portfolio

ACTION FOR					PORTFOLIO DETAILS					Value as of date:		1/15/2010
Action Date	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
										0.0%		
					Money Market				1.00 100,000	100,000.00	100.0%	
					Total Valuation=					100,000.00	100.0%	

## WEEKLY REVIEW

No changes.

# Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 1/15/2010							
Action Date	Action	Symbol	Price	# of Shares	Action Value	Symbol	Closing Stop	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
20-Jan	buy	DIA			50,000								0.0%
	at												
	close												
						Money Market			1.00		100,000	100,000.00	100.0%
									Total Valuation=			100,000.00	100.0%

Company	Symbol
Alcoa	AA
American Express	AXP
Boeing	BA
Bank of America	BAC
Catepillar	CAT
Cisco	CSCO
Chevron	CVX
DuPont	DD
Disney	DIS
GE	GE
Home Depot	HD
Hewlett Packard	HPQ
IBM	IBM
Intel	INTC
Johnson & Johnson	JNJ

Company	Symbol
JP Morgan	JPM
Kraft	KFT
Coca-Cola	KO
McDonalds	MCD
3M Company	MMM
Merck	MRK
Microsoft	MSFT
Pfizer	PFE
Proctor & Gamble	PG
ATT	T
Travelers	TRV
United Technologies	UTX
Verizon	VZ
Wal-Mart	WMT
Exxon Mobil	XOM

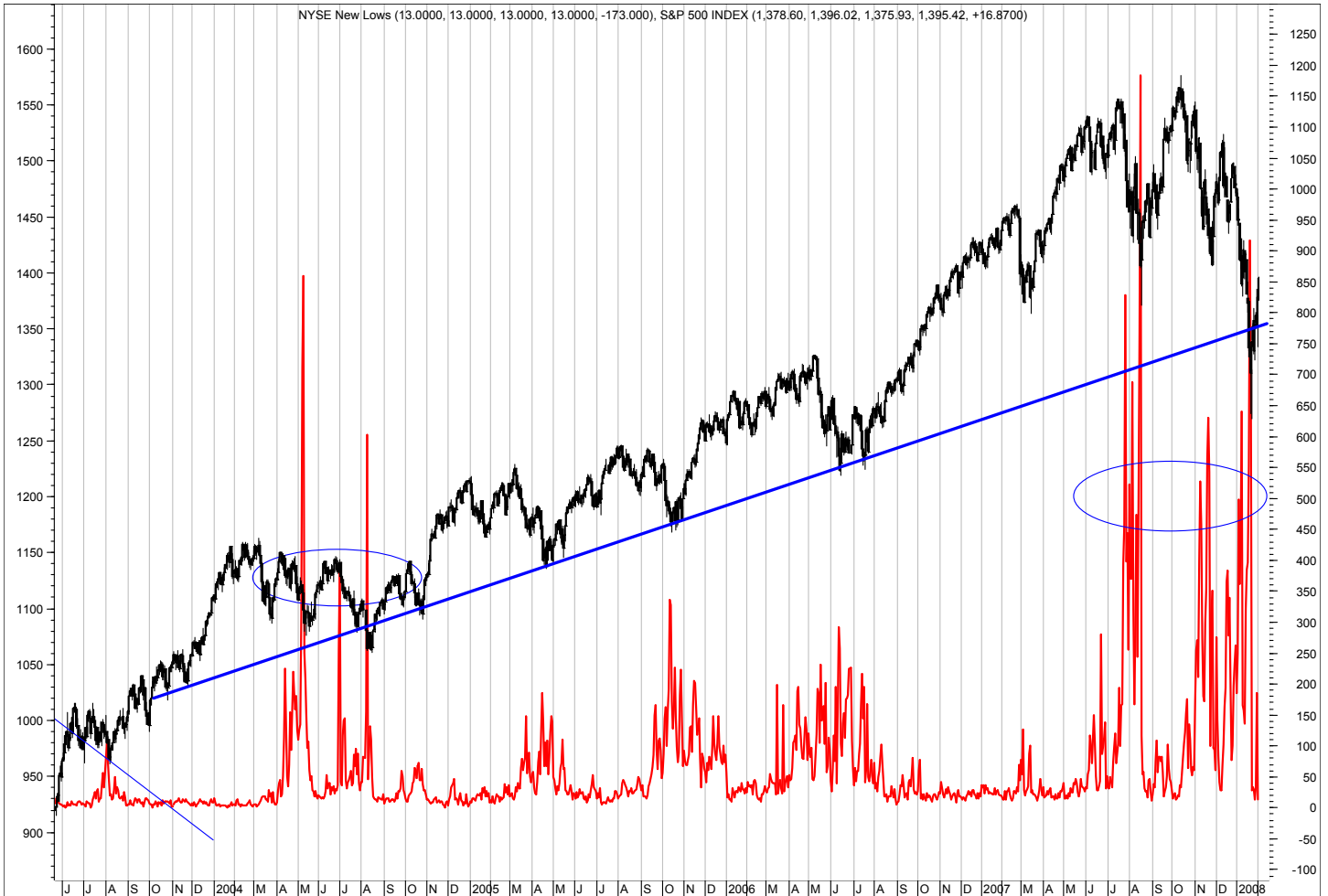
For this portfolio, we seek to outperform the Dow Industrials using proprietary timing and weighting formulas of the underlying thirty stocks of the Dow Industrials . We also will use the ETF that tracks the same. The symbol is DIA.

We monitor the underlying individual stocks for buys and sells in order to overweight the portfolio to what is expected to outperform and underweight the portfolio with what is expected to underperform.

## WEEKLY REVIEW

No changes last week, but for Wednesday 1/20, buy at the close \$50,000 into DIA. This is an ETF that tracks the Dow Jones Industrials. I am moving 50% of the total portfolio into DIA.

## S&P 500 and number of new NYSE lows



The number of new NYSE lows continues to spike higher on each sell off, but thereafter the market does rally.

As long as this trend line holds, we should give the benefit of the doubt to the bulls, not the bears.

This pattern should continue through the first half of 2008.

The other thing to notice on this chart is that the market has rebounded off of its multi year up trend line that dates back to the bull market beginnings in 2003.

# Descriptions & Disclosures

## **PORTFOLIO DESCRIPTIONS (pages 2 and 3)**

Our guiding goal is to provide the most return with the least risk.

Stock Portfolio, page2: Uses a proprietary selection methodology on roughly 10,000 stocks

The portfolio was started on 1/1/10 with \$100,000.

Portfolio changes will usually be made either at the close on Friday (the day this eNewsletter is posted) or on Mondays at the open, unless otherwise noted in the email hotline update.

Portfolios are updated through the Thursday close (normally the day before posting).

Dividends are paid in cash. Commissions of \$10/trade, if any, are applied. Interest is zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:30 PM central time each Friday, except for holidays and then on Monday. It may contain actionable, specific buy or sell advice to take that day at the Friday close in each portfolio. Portfolio data will be updated through the previous Thursday's close. Symbols, rather than names, are the official identification used for activity.

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