

Stock Selections & Timing

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Volume 1
Issue 3

Rally Off Support

After holding on its major uptrend support line, the stock market mounted a substantial rally last week of 3%.

It's now time for a breather and probably some sideways backing and filling, before continuing its climb higher.

I still expect the market to rally eventually to new highs. It will be on that event that we

will watch for signs of the possibility that the bull market that commenced last March 2009 is ending. When it last peaked in January, 2010, the averages were all in gear to the upside.

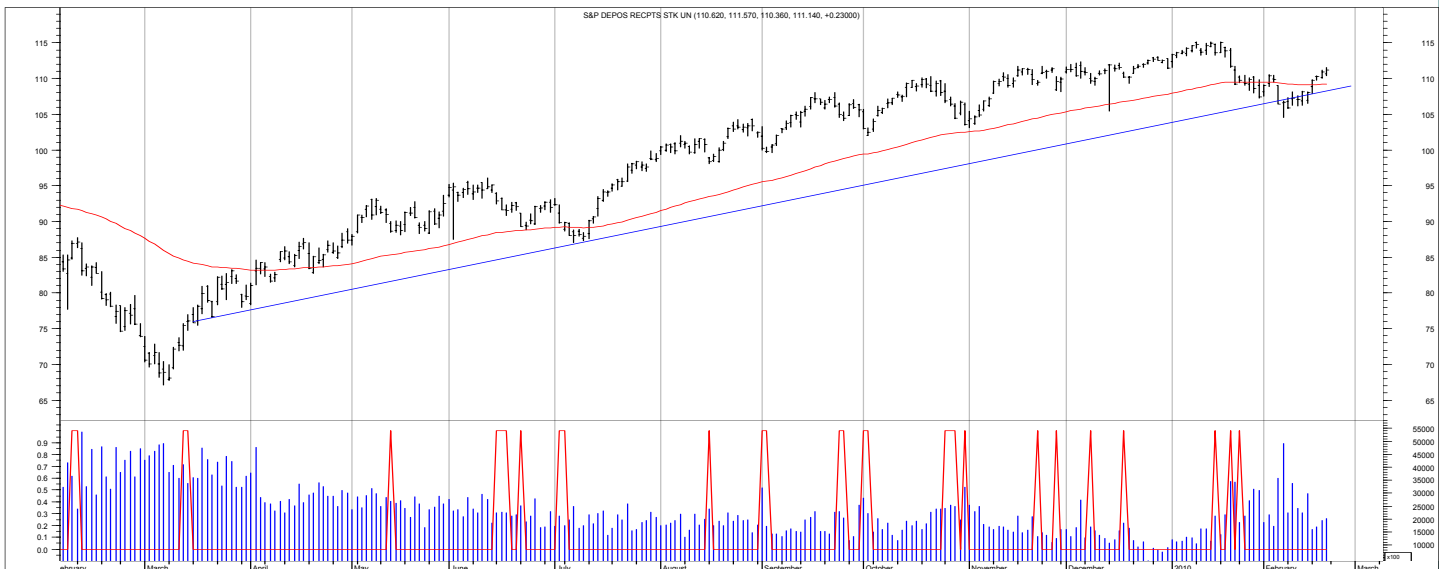
The thing to keep in mind, though, is that if it fails on that next rally to new highs, then it would be an abnormally short bull market. They typically last

around 2 1/2 years. This one's duration is only a year old.

As well, the magnitude of the bull market would fall short of historical averages.

So, at this stage, because the duration and magnitude are less than historic bull markets, I have to give it the benefit of the doubt.

Look for recovery highs.



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	0.5%				0.5%	0.2%
Dow30 Portfolio	0.5%				2.6%	2.5%
Wilshire 5000	0.0%				1.9%	3.1%
Dow Industrials	-0.2%				2.3%	3.0%

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Stock Portfolio

ACTION FOR						PORTFOLIO DETAILS				Value as of date:		2/12/2010	
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
2/8-2/12	buy	TIII	1.28	7,813	10,000	TIII			1.28	1.34	7,813	10,469.42	10.4%
2/22--	buy	DRAD	less than \$1.95	10,000									
						Money Market			1.00		90,000	90,000.00	89.6%
								Total Valuation=				100,469.42	100.0%

WEEKLY REVIEW

TIII is all bought.

Purchase DRAD.

Dow 30 Portfolio

ACTION FOR						PORTFOLIO DETAILS						Value as of date: 2/19/2010	
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
20-Jan	buy	DIA	106.02	471.61	50,000	DIA			103.83	103.99	771.04	80,180.45	79.8%
	at close					T			25.18	25.10	120	3,012.00	3.0%
						VZ			28.70	29.02	105	3,047.10	3.0%
8-Feb	buy	DIA	100.19	299.43	30,000	PFE			17.86	17.99	167	3,004.33	3.0%
8-Feb	buy	T	25.18	120	3,026	CVX			70.89	74.05	43	3,184.15	3.2%
8-Feb	buy	VZ	28.70	105	3,032	KO			53.69	55.72	57	3,176.04	3.2%
8-Feb	buy	PFE	17.86	167	2,997	XOM			65.11	65.87	46	3,030.02	3.0%
8-Feb	buy	CVX	70.89	43	3,023								
8-Feb	buy	KO	53.69	57	3,051								
8-Feb	buy	XOM	65.11	46	3,028								
22-Feb	sell	KO		57									
						Money Market			1.00		1,843	1,843.00	1.8%
								Total Valuation=				100,477.09	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

Take action is noted above.

Feature Company



DRAD (Nasdaq, \$1.90).

Digirad Corporation provides diagnostic imaging products, personnel, and equipment leasing services. In a nutshell, this is primarily gamma cameras for nuclear cardiology.

2009 revenues were \$69.5 million, which was about where they were five years ago. Operating income, however, is much improved from a loss of \$9.6 million to a gain \$0.6 million.

The balance sheet is still remarkably strong with no debt and cash of \$31.8 million.

The market cap (shares outstanding times market price) is \$35.5 million.

This means we are paying less than \$4 million net for a profitable company with revenues near \$70 million.

Cheap!

So, in the Stock Portfolio on page 2, I will buy roughly 10% into this company this week.

Descriptions & Disclosures

PORTFOLIO DESCRIPTIONS (pages 2 and 3)

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

The portfolios were started on 1/1/10 with \$100,000.

Portfolio changes will usually be made either at the close on Monday (the day this eNewsletter is posted), unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

Dividends are paid in cash. Interest is zero for the money market (cash) position.

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