

# Stock Selections & Timing

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Volume 5  
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## Plot Thickens

Chalk up another negative divergence that is a bit more pronounced than the previous one set about nine weeks before. The Dow Transports hit a new high on Friday, but was unaccompanied by the Dow Industrials. This remains a

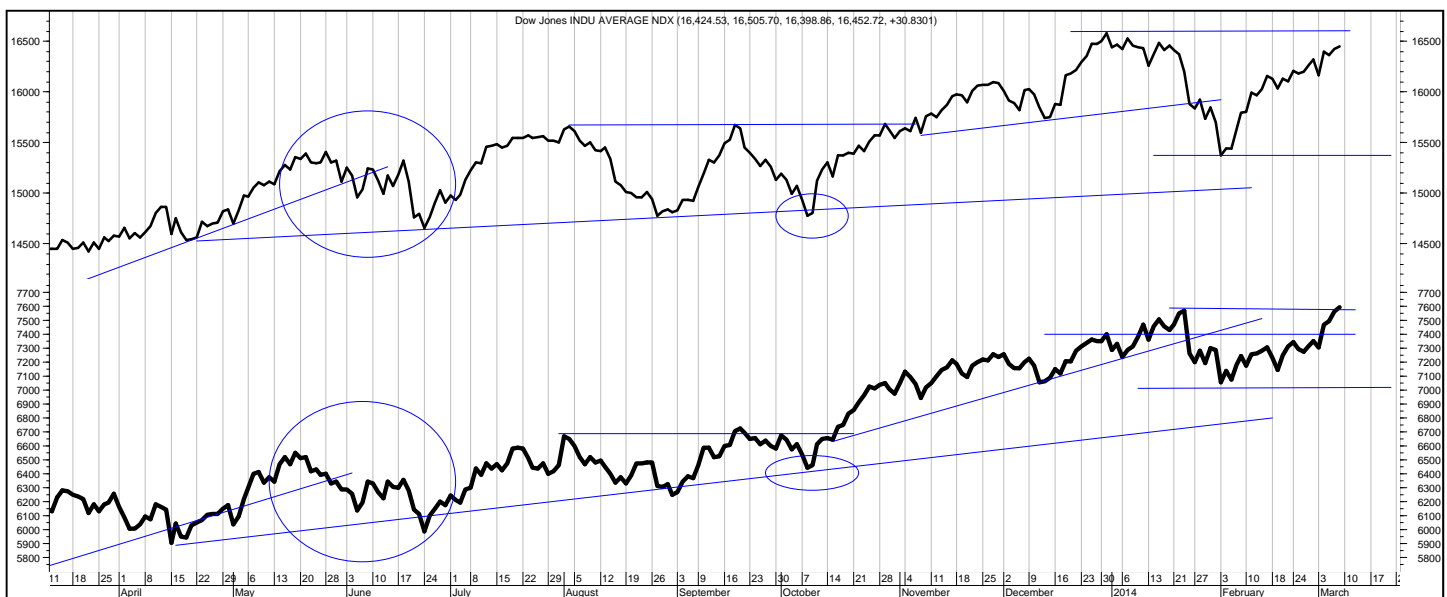
bearish signal.

As usual, the confirmation of this divergence, however, won't be made until both indexes close below their lows set prior to the divergence. Depending on how you measure it, this would be either the latest

parallel low lines set at DJI 15,373 and DJT 7,074 (blue horizontal lines) or the lows set at the first negative divergence at DJI 16,258 and DJT 7,362.

The alternative to this negative view is the market pulls

*(Continued on bottom left on page 4)*



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower).

## SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	2.1%	13.9%	7.1%	1.9%	1.3%	-1.8%
Dow30 Portfolio	0.6%	2.3%	0.6%	0.6%	0.6%	0.1%
Index						
S&P 500 TR	2.4%	23.5%	14.5%	4.6%	4.7%	0.9%
Dow Industrials	-0.2%	14.3%	10.3%	2.7%	4.2%	0.8%

## CONTENTS

Page 2...Stock  
Page 3...Dow 30  
Page 4...Featured  
Page 5...Disclaimers

# Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		3/7/2014					
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 1/20	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total
27-Jan	buy	TAXI	13.22	600	7,942	GENC			9.75	7.56	11.00	2,278	25,058.00	14.5%
this would be about 5% of total portfolio														
3-Feb	sell	FULL	7.70	1,000	7,690									
3-Feb	sell	IRET	>8.49	950										
3-Feb	sell	O	39.92	300	11,966									
12-Feb	sell	IRET	8.52	950	8,084	MCGC		10.8%	3.00	4.79	3.72	3,300	12,276.00	7.1%
						NGPC		8.7%	7.15	7.04	7.33	2,000	14,660.00	8.5%
18-Feb	buy	GOOD	17.45	500	8,735	MVC		3.8%	14.50	12.71	13.86	1,200	16,632.00	9.6%
this would be about 5% of total portfolio														
						PKY		4.3%	18.00	17.75	18.21	500	9,105.00	5.3%
						GOOD		8.6%	17.70	17.45	17.64	500	8,820.00	5.1%
														0.0%
						TAXI		6.9%	14.00	13.22	14.35	600	8,610.00	5.0%
Above in green shows end price still below buy limit.														
Shown below is watch list for potential purchase at or below buy limit.														
Dividends														
													9,316.13	5.4%
Money Market														
											1.00	67,893	67,893.00	39.4%
Total Valuation=												172,370.13	100.0%	

## REVIEW since last issue

3/10 MCGC announced it was cutting its dividend. The stock has sold off hard. But it is still cheap in our estimation. We'll let things settle down and then reappraise. No other changes.

3/3 No changes.

2/24 No changes.

2/18 IRET was sold and I'll buy GOOD as noted above. GENC is finally getting some recognition. I raised the buy limit, though the stock is still north of it. Their q1 report was hugely positive. Infrastructure rebuild in USA and Canada here we come. May have to raise the value too from \$12.50 to north of \$15.00.

2/10 Two of the three positions were sold last week. IRET still needs to rally above the sell limit.

Incredible that WTT has made it north of \$3.50. Sold too soon evidently.

2/3 Take further profits as noted above. I'm raising cash.

	2010	2011	2012	2013	ytd 2014
Stock Portfolio	12.3%	21.4	5.0	15.8	2.1
S&P 500 TR	15.0%	1.9	14.1	28.7	2.4

This shows the returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

# Dow 30 Portfolio

ACTION FOR		PORTFOLIO DETAILS				Value as of date:				3/7/2014			
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 3/3	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
10-Feb	buy	GE	25.04	200	5,018								0.0%
10-Feb	buy	IBM	177.14	30	5,324	IBM	182.00		177.14	187.66	30	5,629.80	5.1%
10-Feb	buy	JPM	56.66	95	5,393								0.0%
10-Feb	buy	TRV	82.35	65	5,363								0.0%
19-Feb	sell	GE	25.18	200	5,026								
			close below	stop of 25.50		VZ	46.40		46.53	47.25	110	5,197.50	4.7%
19-Feb	buy	VZ	46.53	110	5,128	KO	37.20		37.43	38.65	140	5,411.00	4.9%
24-Feb	buy	KO	37.43	140	5,250	T			32.15	32.54	170	5,531.80	5.0%
27-Feb	sell	JPM	56.75	95	5,381	TO BE ADDED, IF ABOVE: BUY STOP							
3-Mar	sell	TRV	83.18	65	5,397	TO BE ADDED, IF BELOW: BUY LIMIT							
4-Mar	buy	T	32.15	170	5,476								
Money Market									1.00	87,851		87,851.00	80.1%
									Total Valuation=		109,621.10	100.0%	

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.

## REVIEW since last issue

3/10 No changes. With the market sell off, we may get further “set ups” to buys or we may get stopped out. We’ll just have to see.

3/3 Sell TRV as noted above and watch T, which is potentially setting up a new buy signal. I’ve raised the stops also.

2/24 KO has set itself up for a potential buy, if it closes above the buy stop as noted above.

2/18 No new buys, except for potentially VZ for this week to watch for.

2/10 I’ll be the first to admit we are in a tricky situation. The timing model is on a sell signal as noted in the front page article, but there are some individual trades getting set up. I will opt to trade them as noted above. Watch the stops carefully. These, more than likely, will be trades, rather than long-term holds.

Once bought, the portfolio will be about 20% invested and 80% in cash.

## New recommendations

None this week.

*(Continued from page 1)*

back slightly and then charges ahead again with both indexes hitting new highs.

We simply don't know which will happen. We do know the market remains overvalue, overbought, and overextended. These things are still bearish.

But we also know the trend remains up. This is bullish. So, rather than second guess the outcome to the situation, we'll let the World Growth timing model signal any changes for us. Right now it remains bullish.

This is an advantage of back testing a strategy by the way. There's some assurance that the daily squiggles and squirms are

dealt with, rather than guessed about. In other words, divergences have been seen and solved for before sometimes to the upside and other times to the downside.

In the meantime, see the portfolios for more information.

# Descriptions & Disclosures

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

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

The two portfolios were started on 1/1/10 with \$100,000. Beginning in 2012 (12/31/11), the official portfolio for measuring the newsletter performance is the Stock Portfolio only.

Portfolio changes will usually be made at the close on Monday (the day this eNewsletter is posted), or if a position is stopped out, the close that day, unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

Stock dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position. Commission costs to buy and sell are assumed to be \$10.00 per trade.

The S&P 500 TR (total return) includes dividend reinvestment.

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