

Stock Selections & Timing

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Close but no Cigar

The Dow Industrials simply refuses to confirm the uptrend. It rose to within 62 points of closing at a record high last week, but has since turned back down. Part of the rest of the market, when measured by the advance/decline line

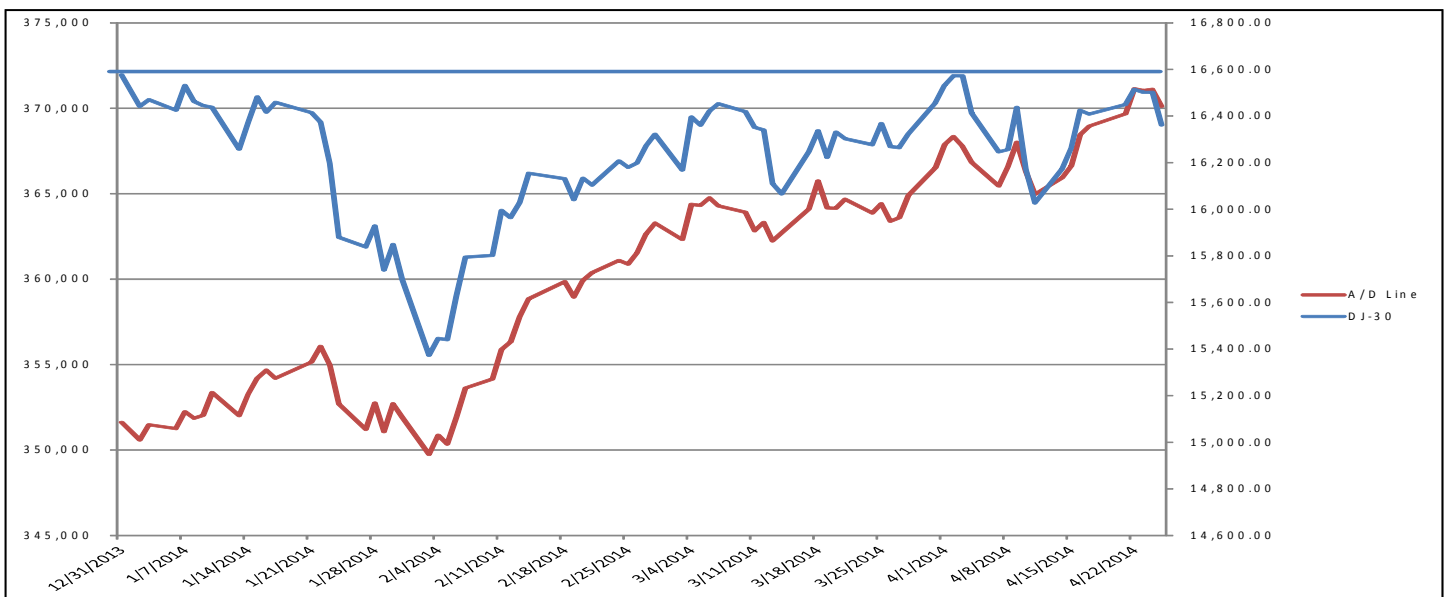
or the Dow Transports, made it to new highs. So what's the problem?

Maybe there isn't a problem. Maybe it was the reconfiguration of the Dow makeup last year. Maybe it signals nothing. Or maybe it could be signaling

the rotation from domestic to international equities. Or maybe there is more to the story. The S&P 500, QQQ, and Russell 2000 (IWM) also failed last week to reach new highs.

For our purposes, the ongoing

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This is a daily chart of the Dow Jones Industrial Average (blue, left scale) and NYSE advance/decline line (red, right scale).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	1.1%	11.9%	1.0%	0.0%	0.1%	0.7%
Dow30 Portfolio	0.5%	-0.5%	0.5%	0.5%	-0.2%	-0.1%
Index						
S&P 500 TR	1.3%	19.6%	6.4%	4.1%	0.4%	-0.1%
Dow Industrials	-0.7%	11.2%	5.1%	3.0%	0.2%	-0.3%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		4/25/2014						
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	10.58	2,278	24,101.24	14.1%		
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	3.56	3,300	11,748.00	6.9%	
														0.0%	
18-Feb	buy	GOOD	17.45	500	8,735	MVC		3.8%	14.50	12.71	13.12	1,400	18,368.00	10.8%	
this would be about 5% of total portfolio														0.0%	
						GOOD		8.6%	17.70	17.45	17.42	500	8,710.00	5.1%	
17-Mar	sell	NGPC	7.41	2,000	14,810	TAXI		6.9%	14.00	13.22	13.81	1,250	17,262.50	10.1%	
31-Mar	buy	MVC	13.55	200	2,720	Above in green shows end price still below buy limit.									
this would be about 2% of total portfolio						Shown below is watch list for potential purchase at or below buy limit.									
31-Mar	buy	TAXI	13.21	650	8,597										
this would be about 5% of total portfolio															
7-Apr	sell	PKY	18.19	500	9,085										
												Dividends	10,022.88	5.9%	
												Money Market	1.00 80,471	80,471.00	47.1%
												Total Valuation=	170,683.62	100.0%	

REVIEW since last issue

4/28 No changes.

4/21 MCGC announced further losses and the stock is down again. It is still undervalued however, so I will sit tight.

4/14 No changes. Will sit tight for now.

4/7 Raise a bit of cash by selling PKY.

3/31 As noted above, I will add to a couple of positions that have sold off, yet remain fundamentally sound.

3/24 No changes.

3/17 Take profits in NGPC as noted above.

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.

	2010	2011	2012	2013	ytd 2014
Stock Portfolio	12.3%	21.4	5.0	15.8	1.1
S&P 500 TR	15.0%	1.9	14.1	28.7	1.3

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: 4/25/2014							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 4/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
7-Apr	sell	AXP	86.60	61	5,273								0.0%
7-Apr	sell	GS	158.56	34	5,381								0.0%
7-Apr	sell	HD	77.13	69	5,312								0.0%
7-Apr	sell	PFE	31.20	160	4,982								
7-Apr	sell	V	203.41	25	5,075	DIA	163.00		161.45	163.53	338	55,273.14	50.5%
14-Apr	buy	DIA	160.88	338	54,387								0.0%
			this will be about 50% of total										
28-Apr	sell	DIA		all									
TO BE ADDED, IF ABOVE:									BUY STOP				
TO BE ADDED, IF BELOW:									BUY LIMIT				
Money Market									1.00	54,267	54,266.70	49.5%	
Total Valuation=											109,539.84	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

4/28 Take profits in DIA. It has returned to previous top area, so time to exit. I expect a pullback and will see about reentering then. No individual DJ 30 stocks have set up buy signals.

4/21 The DIA is back to previous top area, so I have raised the stop to reflect this. If it pulls back, I expect to reenter at lower prices in anticipation of further rally thereafter. So this is a trade only. No other DJ 30 stocks have set up buy triggers.

4/14 Stopped out last week, but the DIA is at another inflection point. It needs to close above the buy stop price noted above. If it does, we will reenter the market. If it does not, will stand aside.

4/7 If today's selloff holds, I expect the positions above to be stopped out. I will watch for reentry points.

3/31 As noted above, make the purchases. Also note the stop levels. KO is very tight.

New recommendations

None this week.

(Continued from page 1)

ing negative divergence is an interesting anomaly, but doesn't directly impact my timing model.

What is more important is the trends. As mentioned last week, one of the five trend inputs to the timing model is bearish. Two others are edging closer and closer as the market inches downward. When three of the five inputs turns negative, then the model goes on a sell.

If this sell (or buy) signal happens between issues, we will send you an emailed hotline report. So, the point is, if the market continues to notch lower from here, then monitor your email for an alert.

The background to all of this

action remains the same. The domestic stock market is fundamentally overvalued. I've been posting the various charts like CAPE, PE, ratios like Q and GDP over the last month or two that show this.

Investor sentiment as measured in a variety of ways like margin debt is also negative because it is too bullish. From a contrarian point of view bullish is bearish and vice-versa.

The question is always, well why not sell with this information? The issue with valuation measures is they can get more overvalued at tops, just like they can get more undervalued at bottoms. They are an excellent backdrop to temper investor

greed and fear, but they are not precisely timely. Thus I monitor trends within the periods of over and under valuations.

So, monitor the emails. And see the portfolios for more information.

As a reminder, I will be holding a workshop at the upcoming MoneyShow in Las Vegas next month (May) and will be a participant on an investment panel selected from the top performing newsletters. You may find more information at moneyshow.com. If you register to attend, please mention me. I hope to see you there.

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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