

Stock Selections & Timing

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Break Through Support

Technicals and fundamentals usually work together and the current decline is no exception.

Technically, the stock market has broken down through support levels, as shown on the chart below. It is the same with other indexes. Fundamentally, the reasoning behind the selloff

is sovereign debt issues in Europe and the repercussions of bank runs. Get your cash now before it is too late goes the thinking.

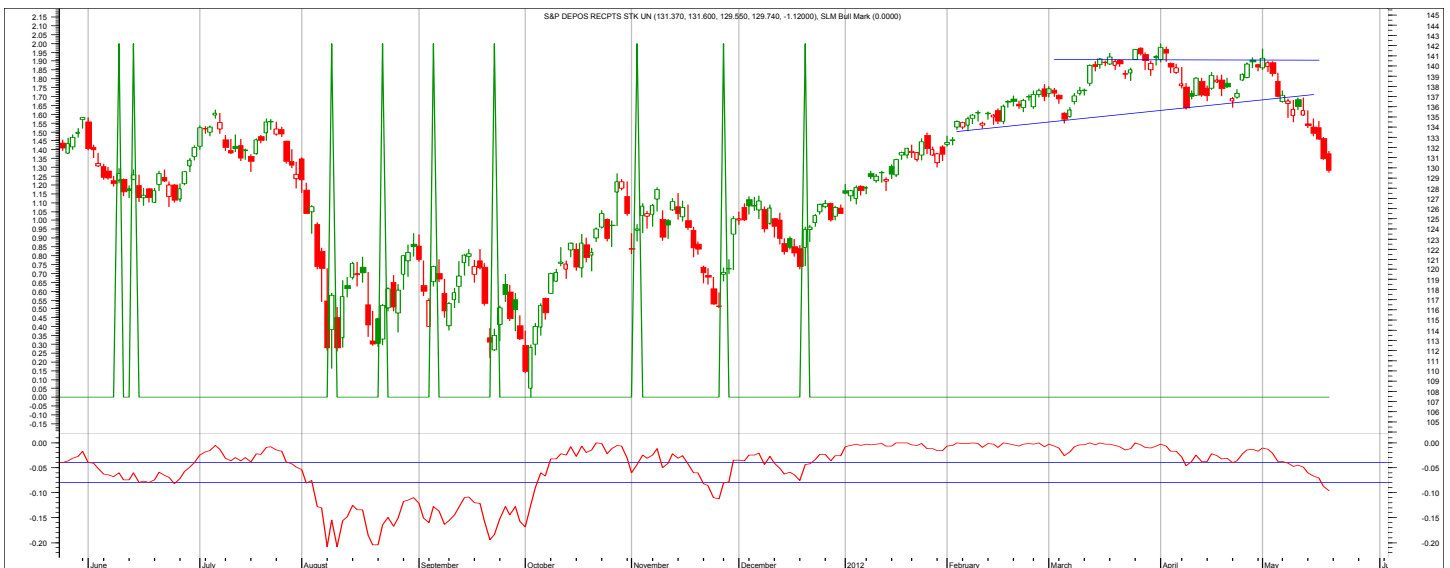
As that happens, the market becomes oversold, which is where it appears to be now. In addition, while they may stall and hem haw, the end result

should still be to maintain the European Union. The question is the cost.

Investor sentiment has quickly turned from mildly optimistic to mildly pessimistic. From a contrary point of view, this too provides some support.

So, basically, I will reenter

(Continued on bottom left on page 4)



This is the daily chart of SPY (S&P 500 index). The green spikes show potential buying areas.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	2.1%	9.8%	4.5%	-3.9%	-2.1%	-2.0%
Dow30 Portfolio	-0.4%	-8.1%	1.8%	-3.3%	-1.0%	-0.4%
Wilshire 5000 TR	3.9%	-2.1%	7.3%	-5.2%	-6.2%	-4.5%
Dow Industrials	1.2%	-1.1%	4.9%	-4.5%	-5.1%	-3.5%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		5/18/2012					
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 5/7	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
4-May	sell	MRVL	13.90	900	12,500									
7-May	sell	DRAD	2.30	1,500	3,440	GENC		8.00	7.53	7.00	2,078	14,546.00	10.4%	
			> 2.29			WTT		1.00	0.87	1.11	11,000	12,210.00	8.8%	
7-May	buy	WWE	8.91	500	4,465									
9-May	sell	PKY	10.860	700	7,592									
			>10.75											
16-May	sell	TAXI	9.950	650	6,458									
21-May	buy	TAXI		650		FULL	7.00	11.9%	8.00	7.69	7.09	900	6,381.00	4.6%
			about 5%			USMO	12.65	7.5%	14.00	13.32	12.89	1,000	12,890.00	9.3%
						TAXI	9.00		10.00					0.0%
						WWE	7.50	5.4%	9.00	8.91	8.25	500	4,125.00	3.0%
Dividends											2,832.52	2.0%		
Money Market											1.00	86,271	86,271.00	62.0%
Total Valuation=											139,255.52	100.0%		

REVIEW since last issue

5/21 TAXI was hit as it offered new stock. I mentioned last week that it had shot up, I should have followed the intuition and got out. Other positions also sold off with the market.

5/14 GENC reported good earnings. USMO may have found a bottom with its good earnings too. TAXI shot up and is retracing, but I'll hold.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	2.1	39.3	14.8
W5000 TR	17.7%	0.5	3.9	22.9	10.6

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: 5/18/2012						
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 5/21	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
5-Apr	sell	VZ	37.66	300	11,288	AA	8.30		8.60	8.60	1,300	11,180.00	10.6%
10-Apr	sell	UTX	78.48	150	11,762	AXP	56.00		56.35	56.35	200	11,270.00	10.7%
13-Apr	sell	JNJ	63.54	200	12,698	DIS	42.00		44.25	44.25	250	11,062.50	10.5%
15-May	sell	HPQ	22.40	500	11,190	KFT	38.00		38.53	38.53	300	11,559.00	11.0%
21-May	buy	AA	8.60	1,300	11,190	KO	73.00		74.37	74.37	150	11,155.50	10.6%
21-May	buy	AXP	56.35	200	11,280	MRK	37.00		37.81	37.81	300	11,343.00	10.7%
21-May	buy	DIS	44.25	250	11,073	IBM	190.00		197.28	197.28	60	11,836.80	11.2%
21-May	buy	KFT	38.53	300	11,569	MCD	88.00		91.25	91.25	125	11,406.25	10.8%
21-May	buy	KO	74.37	150	11,166								
21-May	buy	MRK	37.81	300	11,353								
21-May	buy	IBM	197.28	60	11,847								
21-May	buy	MCD	91.25	125	11,416								
each purchase is roughly 10.5% of total portfolio value will be roughly 88% invested, 12% cash													
Money Market									1.00	14,723		14,723.00	14.0%
Total Valuation=												105,536.05	100.0%

Company	Symbol
Alcoa	AA
American Express	AXP
Boeing	BA
Bank of America	BAC
Caterpillar	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
Procter & 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.

REVIEW since last issue

5/21 There are a number of new buys for this portfolio to try to take advantage of the oversold condition that I expect will provide a short-term bounce.

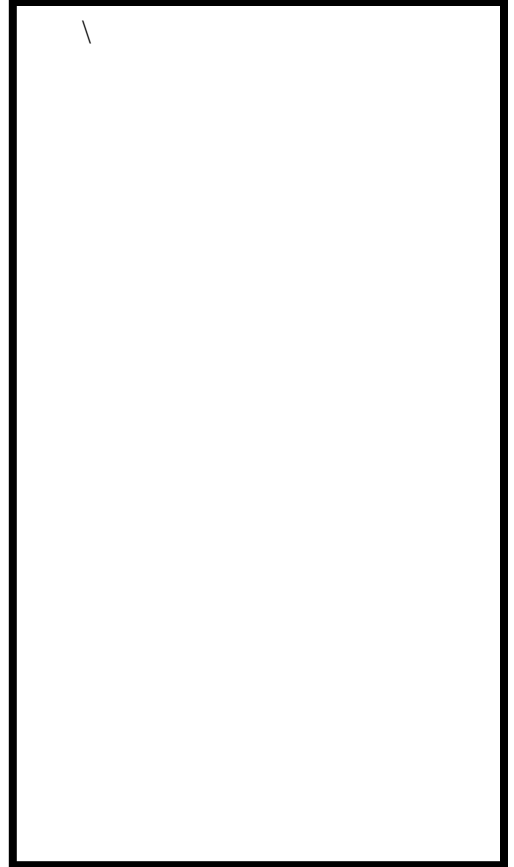
5/14 No changes.

4/30 PG (Procter & Gamble) is nearing major support below \$60.

4/23 No changes as the market takes a short-term dip. But I will be watching to buy.

Feature Company

No new recommendations.



(Continued from page 1)

some positions with an eye to a market bounce back to previous support levels. This will most likely be a short-term trade (days to weeks).

From that bounce, it should then sell off again. We will see what happens after that whether the market is in gear to the downside or shows signs of positive divergences.

See the individual portfolio pages for specific actions to take

and the new stop levels. The reason stops are important now is because we know, from 30 years of experience what the market should do, but we don't know what it will do. The market is oversold. It should bounce. But if the fundamentals completely change, like Greece defaulting, the stops will help. If they work it out, the market should rally.

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, 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 Wilshire 5000 TR (total return) includes dividend reinvestment.

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