

Stock Selections & Timing

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Recession?

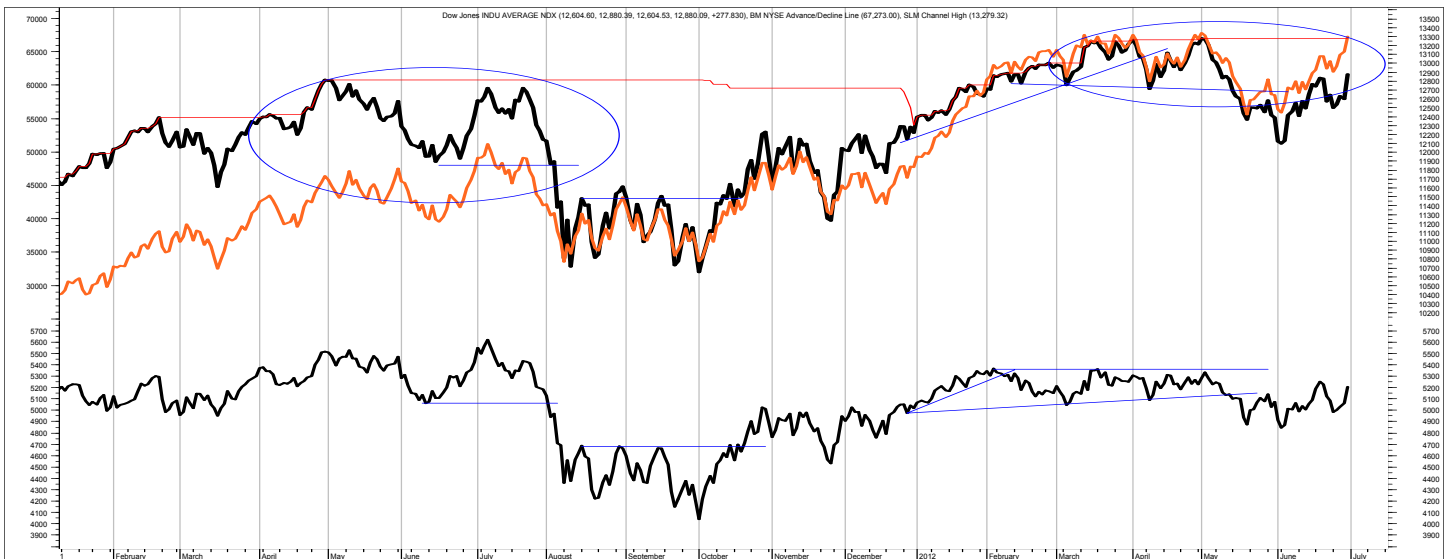
While Europe may or may not be getting its solution to its crisis in order, the US domestic economy is materially weakening. The latest evidence of this is the ISM (Institute for Supply Management) report that came out this morning. It shows contraction, recession.

The number came in sub 50, which, for many who monitor the report, is the dividing line between expansion and contraction, at 49.7%. This is down from 53.5% in May.

To be sure, one number is not sufficient to actually declare a recession, but when coupled with recent job weakness and

weak inflation, one has to at least begin to wonder whether the "fiscal cliff" expected for January, 2013 hasn't been pulled closer in time or have we just moved closer? The market, after all, is a discounting mechanism. Have we gone over it? Or is this an aberration?

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (top) and Transports (bottom).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	3.8%	8.7%	3.8%	-2.5%	3.0%	0.6%
Dow30 Portfolio	-1.7%	-8.3%	-1.7%	-3.2%	0.9%	0.0%
Wilshire 5000 TR	9.5%	2.3%	9.5%	-3.2%	6.7%	2.2%
Dow Industrials	5.4%	4.1%	5.4%	-2.5%	6.3%	1.9%

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Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		6/29/2012						
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 6/29	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total		
22-May	sell	USMO	1,000	12,560											
15-Jun	sell	WWE	500	3,735	GENC			8.00	7.53	7.55	2,078	15,688.90	11.1%		
18-Jun	sell	WTT	1,000	>1.23	WTT			1.00	0.87	1.24	10,000	12,400.00	8.8%		
18-Jun	buy	ASYS	1,000	4,230											
18-Jun	buy	MRVL	500	5,980											
18-Jun	buy	MCGC	1,000		FULL	7.40	11.9%	8.00	7.69	7.63	900	6,867.00	4.9%		
					MCGC	4.10	12.6%	4.30	to be bought		1000		roughly 3%		
20-Jun	sell	WTT	500	610	TAXI	9.00	8.4%	10.00	9.98	10.62	650	6,903.00	4.9%		
21-Jun	sell	WTT	500	610									0.0%		
27-Jul	sell	ASYS	1,000	3,980	ASYS	4.00									
2-Jul	buy	MSO	1,000		MRVL	11.00		13.00	11.94	11.28	500	5,640.00	4.0%		
2-Jul	buy	GENC	200		MSO	2.80		3.15	to be bought		1000		roughly 2.5%		
Dividends												3,029.02	2.1%		
Money Market												1.00	91,029	91,029.00	64.3%
Total Valuation=												141,556.92	100.0%		

REVIEW since last issue

7/2 Congress passed the Highway Bill and GENC has responded by jumping above \$8 at this moment (Monday). I'll be the first to admit to be amazed at the reactive tie-in. At the same time, GENC's net cash in the bank is still about \$9.52, let alone adding in the value of the business, which should indeed benefit from the Bill. I estimate the business value widely from \$3 to \$8/share; it just depends. I'll add a bit to the position at the close.

MSO is added to buy, but at lower prices, like MCGC.

6/25 Watch MCGC to come down under the buy limit. No changes.

6/18 Couple of new buys and sell limit on WTT.

6/11 No changes. You may have been able to pick up some "cheap" WTT. It's back up about 18% from \$1 lows recently.

6/4 No changes.

	2010	2011	ytd 2012	Incptn	SD
Stock Portfolio	12.3%	21.4	3.8	41.6	15.5
W5000 TtlRtrn	17.7%	0.5	9.5	29.5	10.9

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: 6/29/2012								
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	
23-May	sell	AXP	55.99	200	11,188									
1-Jun	sell	AA	8.29	1,300	10,767									
1-Jun	sell	KFT	37.57	300	11,261									
1-Jun	sell	IBM	188.78	60	11,317									
1-Jun	sell	MCD	86.88	125	10,850									
11-Jun	sell	DIS	45.74	250	11,425									
11-Jun	sell	KO	74.55	150	11,173									
11-Jun	sell	MRK	38.51	300	11,543									
						Money Market					1.00	104,247	104,247.00	100.0%
												Total Valuation=	104,247.00	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.

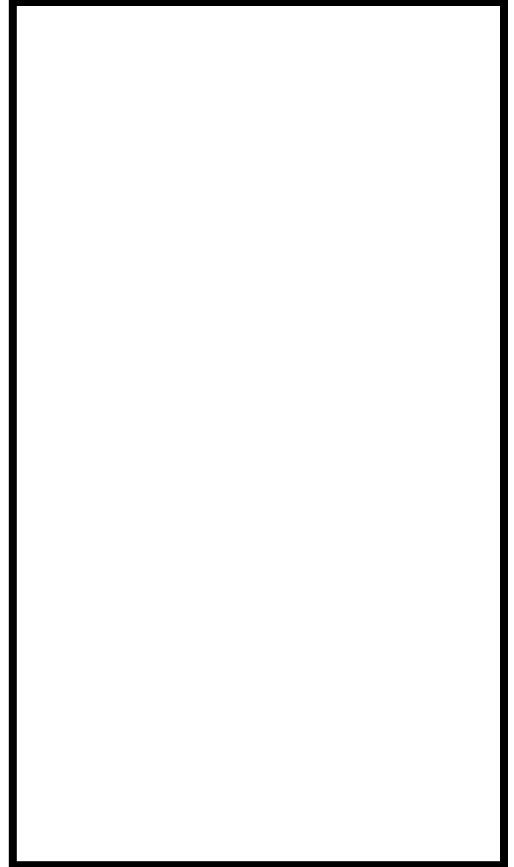
We monitor the underlying individual stocks for buys and sells in order to overweight the portfolio to what is expected to outperform and underweight the portfolio with what is expected to underperform.

REVIEW since last issue

- 7/2 No changes.
- 6/25 No changes. Will avoid buying until some positive divergences set up.
- 6/18 No changes.
- 6/11 Take profits in the other positions.
- 6/4 The bounce came and went quickly. Stopped out of more positions.

Feature Company

I added MSO (Martha Stewart Living) to the potential buy list at lower prices.



(Continued from page 1)

The positives are dwindling into a handful. Real estate really does appear to have hit the bottom and is scrapping along it. Interest rates remain low. The Fed has extended Operation Twist until the end of 2012. That's about it.

The negatives are Europe's recession, China's slowdown, and the US's slowdown. Where's demand? Where's the growth?

So, while this one ISM report may be nothing more than an outlier blip in the hoped for continued expansion, it really does bear watching.

Much has been, including by me, made recently of high dividends and the low PE around 14, if the E part falters and contracts, the P part will too.

Lastly, the chart on page 1 shows the same internal weakness setting up now that also set up

last summer before August's plunge.

So, I remain cautious, notwithstanding the daily karate-kid off risk and on risk trading mentioned last week.

See the individual portfolio pages for updates.

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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