

# Stock Selections & Timing

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## Worsening?

On a couple of fronts, things just continue to worsen under the surface.

First, the jobs report last Friday came in with a very anemic gain, which disappointed investors. Second world growth has slowed and expectations for growth are being pulled back.

Europe is already in recession mode. China has slowed. The US has slowed.

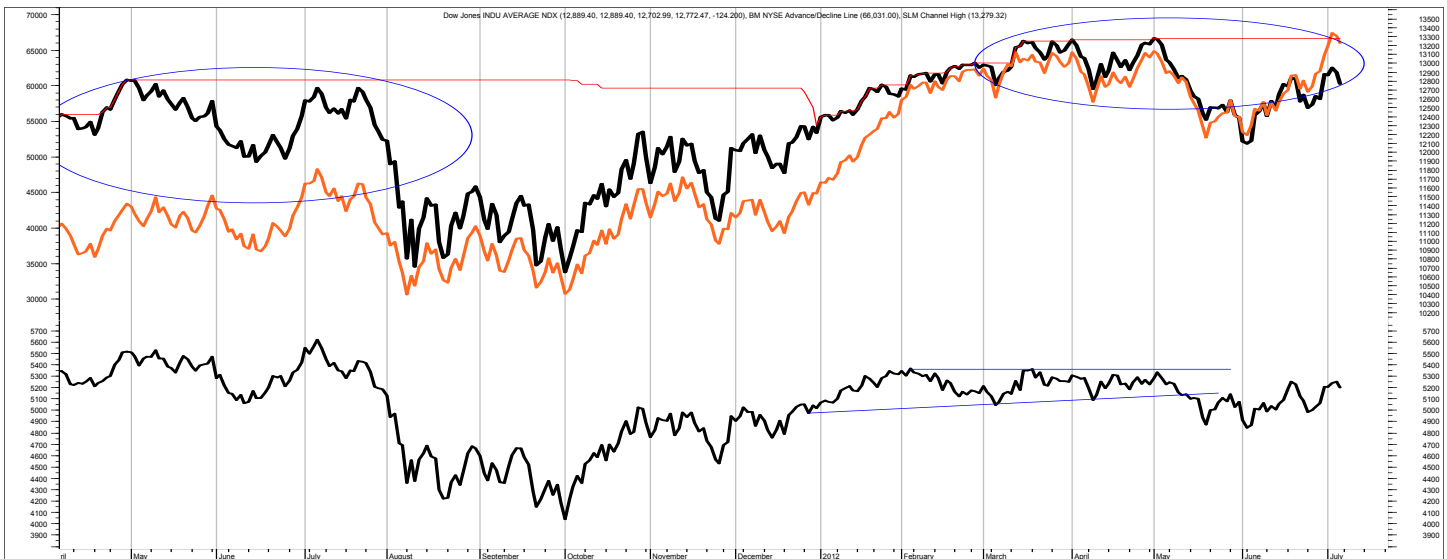
Second, technically the market's rebound over the last couple weeks has only worsened the technical picture. This is shown on the chart below in the circled area.

As you can see, the orange

advance-decline line has hit a recovery high, but the Dow Industrials continues to lag. The last time this occurred was last summer prior to the 20% or so decline into August.

Investor sentiment remains solidly in the neutral zone. Investors are neither too bullish or

*(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	3.9%	9.0%	2.2%	-1.8%	1.2%	0.1%
Dow30 Portfolio	-1.7%	-8.5%	-2.3%	-2.4%	-0.3%	0.0%
Wilshire 5000 TR	9.2%	1.4%	7.5%	-2.7%	2.6%	-0.2%
Dow Industrials	5.5%	1.8%	4.3%	-1.3%	2.7%	0.1%

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# Stock Portfolio

ACTION FOR		PORTFOLIO DETAILS					Value as of date:		7/6/2012					
Action Dates	Action Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 7/9	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
22-May	sell	USMO	12.570	1,000	12,560									
15-Jun	sell	WWE	7.49	500	3,735	GENC		8.00	7.56	7.90	2,278	17,996.20	12.7%	
18-Jun	sell	WTT	>1.23	1,000		WTT		1.00	0.87	1.18	10,000	11,800.00	8.3%	
18-Jun	buy	ASYS	4.22	1,000	4,230	FULL	7.65	11.9%	8.00	7.69	7.73	900	6,957.00	4.9%
18-Jun	buy	MRVL	11.940	500	5,980									
18-Jun	to buy	MCGC		1,000		TAXI	10.65	8.4%	10.00	9.98	10.84	650	7,046.00	5.0%
20-Jun	sell	WTT	1.24	500	610	MRVL	11.00							
21-Jun	sell	WTT	1.24	500	610									
<b>WATCH LIST FOR POTENTIAL PURCHASE BELOW BUY LIMIT</b>														
27-Jul	sell	ASYS	3.99	1,000	3,980	MCGC		4.40			1,000			
2-Jul	to buy	MSO		1,000		MSO		3.25			1,000			
2-Jul	buy	GENC	7.93	200	1,596									
6-Jul	sell	MRVL	10.800	500	5,390									
												Dividends	3,029.02	2.1%
										Money Market	1.00	94,823	94,823.00	66.9%
												Total Valuation=	141,651.22	100.0%

## REVIEW since last issue

7/9 Stopped out of MRVL (again). I added the Watch List. I also updated the stop levels.

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	3.9	41.7	15.5
W5000 TtlRtrn	17.7%	0.5	9.2	29.2	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: 7/6/2012							
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

7/9 No changes.

7/2 No changes.

6/25 No changes. Will avoid buying until some positive divergences set up.

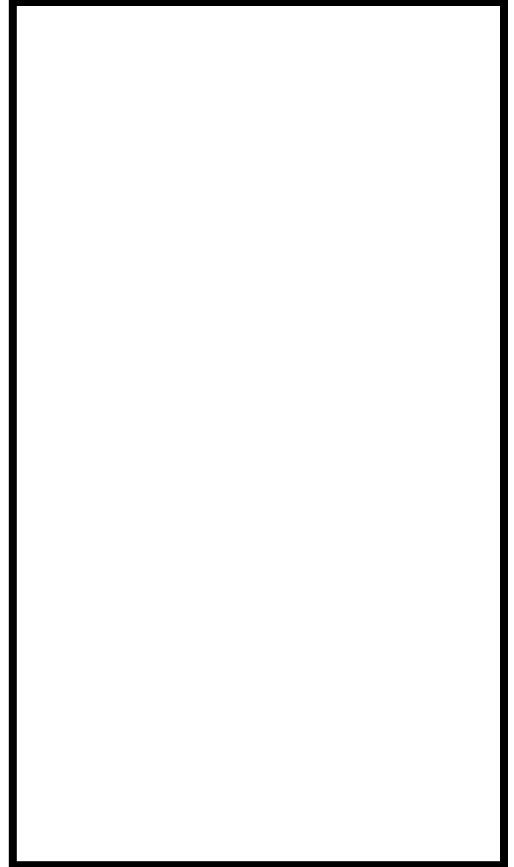
6/18 No changes.

6/11 Take profits in the other positions.

6/4 The bounce came and went quickly. Stopped out of more positions.

# Feature Company

Nothing new.



*(Continued from page 1)*

too bearish.

The positive news still centers on the Federal Reserve and really, central banks around the world. They continue to be accommodative, while trying to ignore the question of the wisdom of piling more debt on top of debt to aid expansion. Can we borrow our way to prosperity?

So, I remain cautious on the stock markets. Bond yields, how-

ever, continue to fall and bond prices continue to rise.

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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