

# Stock Selections & Timing

Watercourse Way Holdings, LLC

P.O. Box 830396

Richardson, TX 75083-0396

972-680-2366

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## Intermediate-Term Topping Phase?

The stock market bounced off of long-term support, as shown on the chart below. But the three things I was watching for never really materialized. The three things were investor sentiment, background news, and market internals.

Sentiment remained complacent. Fear never formed.

The background news seemed to improve, but the Greece debt crisis is yet to actually be solved.

Market internals remained in gear to the downside.

Given all of that, it was a bit surprising that the market rallied back up. But in doing so, the reverse has now taken

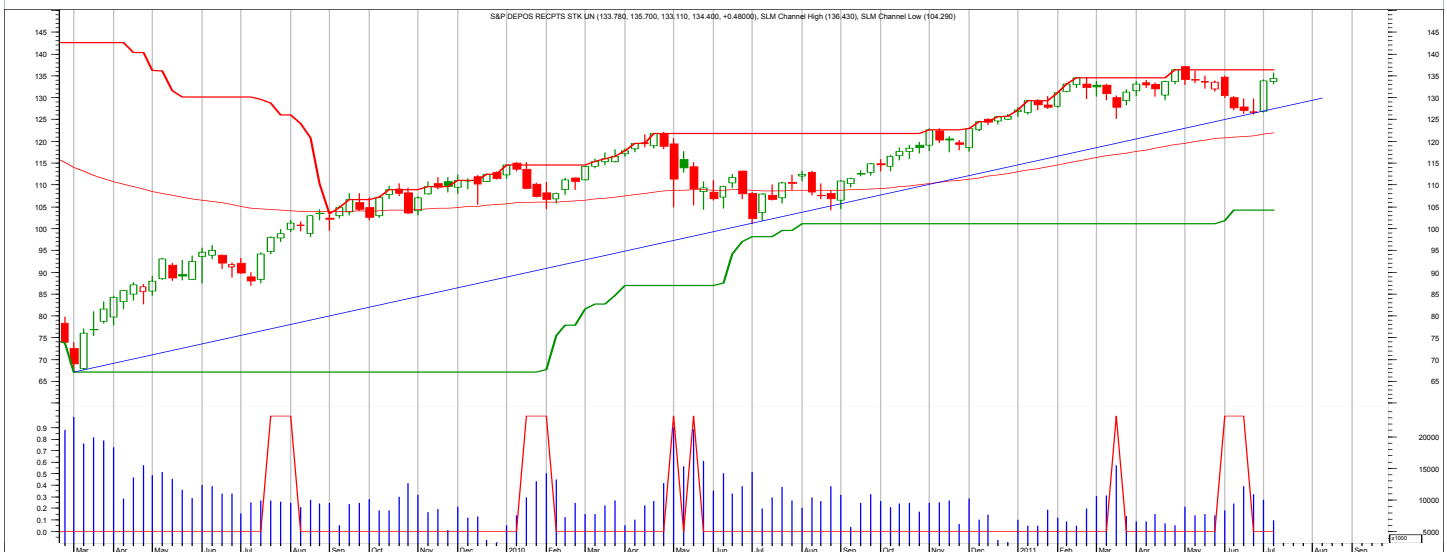
place.

Market internals have signaled negative divergences (see the chart on page 4).

Investor sentiment remains too bullish.

The news was somewhat better, but as noted, the Greece problem is yet to be solved.

*(Continued on bottom left on page 4)*



The chart is the weekly S&P 500 with an 80-day moving average and other objects.

### SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	15.7%	26.7%	15.5%	3.1%	1.8%	-0.2%
Dow30 Portfolio	6.2%	16.5%	6.2%	1.1%	3.3%	0.2%
Wilshire 5000	7.2%	27.0%	7.3%	1.4%	6.3%	0.6%
Dow Industrials	9.3%	24.1%	9.4%	2.2%	5.9%	2.3%

### CONTENTS

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

# Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 7/8/2011								
Action Dates	Action	Symbol	Price	# of Shares	Action Value	Symbol	Closing Stop	Yield	Start Price	Ending Price	# of Shares	Current Value	Percent of Total		
1-Jun	sell	MRVL	15.72	300	4,706										
10-Jun	buy	O	32.28	150	4,852	GENC			7.73	7.74	1,478	11,439.72	8.8%		
			<32.60			SILU			1.41	1.74	7,092	12,340.08	9.5%		
10-Jun	buy	MRVL	14.40	300	4,330	WTT			0.87	0.79	16,000	12,640.00	9.7%		
			<14.75												
10-Jun	buy	WTT	0.79	3,000	2,380	CLCT		9.1%	14.20	15.64	800	12,512.00	9.6%		
			<0.80			PSEC		12.0%	10.15	10.17	1,200	12,204.00	9.4%		
10-Jun	sell	ECGI	1.90	3,000	5,690	MCGC		9.3%	6.44	6.24	2,000	12,480.00	9.6%		
			>1.90			O		5.4%	32.28	34.94	150	5,241.00	4.0%		
13-Jun	sell	ECGI	>2	3,204											
30-Jun	sold	ECGI	2.02	3,204	6,462										
17-Jun	sell	MRVL	13.210	300	3,953	SNDK	39.00		46.60	43.04	100	4,304.00	3.3%		
						CSCO			17.06	15.74	300	4,722.00	3.6%		
21-Jun	sell	GAIN	7.33	1,500	10,985										
21-Jun	buy	PSEC	10.15	1,200	12,190										
11-Jul	sell	SNDK	mrkt	100											
11-Jul	sell	CSCO	mrkt	300											
11-Jul	sell	CLCT	>15.50	800											
											Dividends	462.50	0.4%		
											Money Market	1.00	41,615	41,615.00	32.0%
											Total Valuation=		129,960.30	100.0%	

## REVIEW since last issue

7/11 Given we are at an intermediate-term top, it is time to raise some cash and await a better entry point.  
 6/27 Subscribers should have received the emailed hotline report. Please let me know at smckee@investmentst.com if you didn't.

	2010	ytd 2011
Stock Portfolio	12.5%	15.7
W5000	15.5%	7.2

# Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 7/8/2011							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total	
8-Jun	sell	CAT	98.04	50	4,892	DIA			120.07	126.39	300.00	37,917.00	33.3%	
13-Jun	buy	BAC	10.97	500	5,495									
13-Jun	buy	JPM	41.67	150	6,261	CSCO			17.39	15.74	300	4,722.00	4.1%	
						DIS			40.93	39.91	100	3,991.00	3.5%	
11-Jul	sell	CSCO		300		HPQ			41.76	36.43	130	4,735.90	4.2%	
11-Jul	sell	BAC		500										
11-Jul	sell	JPM		150		MCD			73.76	85.60	70	5,992.00	5.3%	
11-Jul	sell	MSFT		200		MRK			33.40	36.12	200	7,224.00	6.3%	
11-Jul	sell	HPQ		130		MSFT			25.33	26.92	200	5,384.00	4.7%	
						WMT			51.92	54.08	100	5,408.00	4.7%	
						BAC	10.50		10.97	10.70	500	5,350.00	4.7%	
						JPM	39.00		41.67	40.74	150	6,111.00	5.4%	
						Money Market					1.00	27,045	27,045.00	23.7%
												Total Valuation=	113,879.90	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

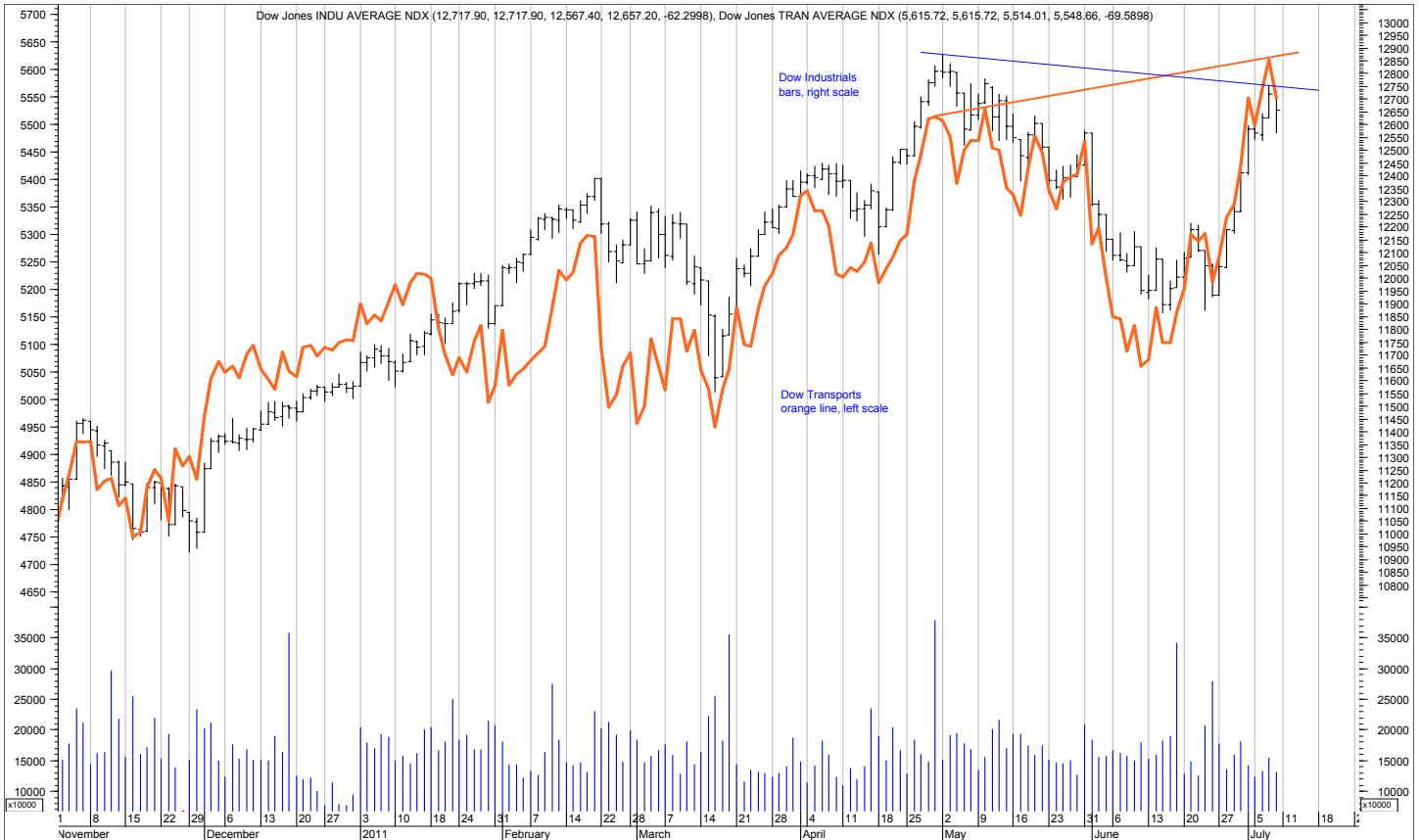
7/11 Time to raise some cash.

6/27 No changes.

6/13/11 The bank stocks are beaten up, but the news appears discounted. Buy as noted.

# Feature Company

7/11/11 No new recommendations.



The chart shows the daily Dow Industrials (black bars) and Transportation (orange line) Indexes. As you can see, the recent rally has led to a negative divergence between the two where the Transports hit a new high, but the Industrials did not.

(Continued from page 1)

And the fear remains that the sovereign debt crisis may spread to Ireland, Spain, Italy, and others. Not to mention the US debt ceiling deadline of August 2 is looming, unless they actually miscalculated that. The other unknown here is what sorts of spending cuts and tax increases will result. These things would not be economic expansion friendly.

So, rather than form an inter-

mediate-term low, the market instead appears to have formed an intermediate-term top here. A test of the recent lows of June is expected.

# Descriptions & Disclosures

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

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

The portfolios were started on 1/1/10 with \$100,000.

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.

Dividends are paid in cash. Interest is assumed to be zero for the money market (cash) position.

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