

Stock Selections & Timing

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Volume 1
Issue 13

Retest?

With last Friday's big drop, perhaps the test of the recent correction lows set earlier this month may be underway.

As you can see on the chart, the success or failure will be critical in determining whether the bull market has tuned into a bear market on a longer-term basis. This is so because of the lower highs and lower lows in-

intermediate-term pattern that the market has set up. It failed to make recovery highs on last week's rally. This sets up the possibility that if the market makes new lows here, then the major trend will have reversed from up to down.

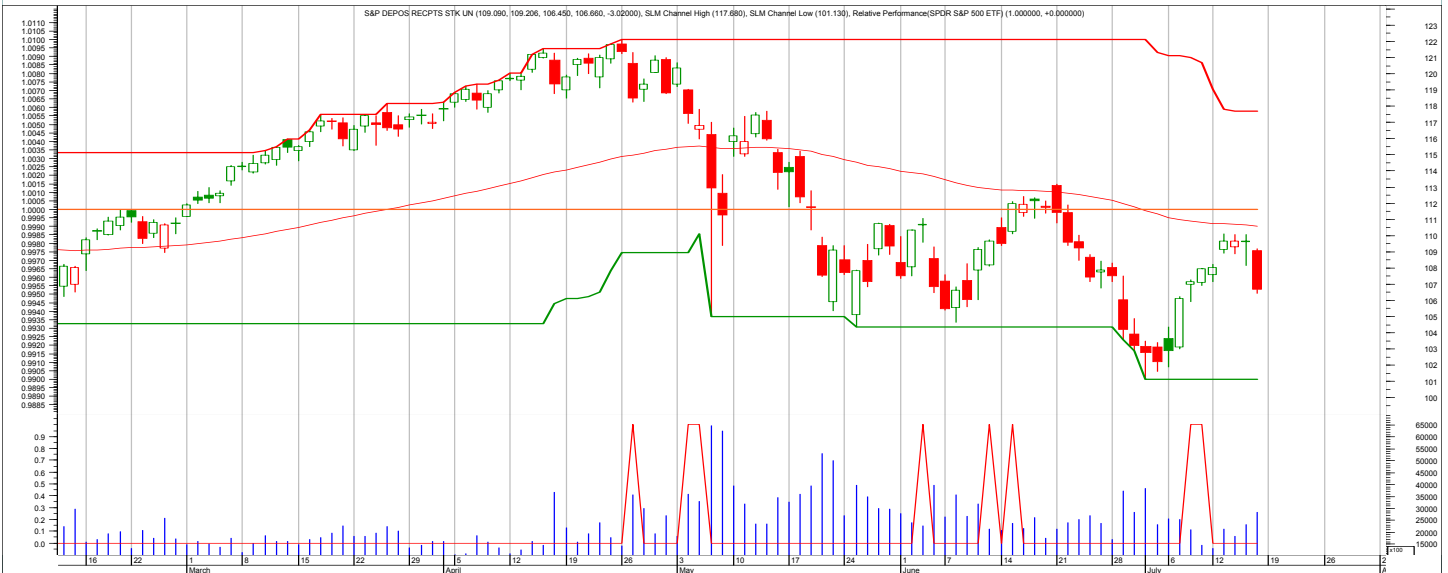
In turn this sets up another longer-term issue.

If the bull market peaked

and terminated in April, 2010, it will not have made an all-time recovery high. This implies that the lows of March, 2009 will be taken out to the downside, if the bear market unfolds. That's 6500 on the Dow Industrials. It is around 10,100 now.

This would be similar to the Japanese situation of the Eight-

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The chart is the daily S&P 500 with an 80-day moving average.

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	1.7%			-0.6%	-3.2%	-0.8%
Dow30 Portfolio	-3.6%			-8.7%	-3.6%	-1.4%
Wilshire 5000	-3.7%			-11.1%	-5.2%	-1.4%
Dow Industrials	-3.2%			-8.4%	-3.4%	-1.0%

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Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 7/16/2010							
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
2/8-2/12	buy	TIII	1.28	7,813	10,000	TIII			1.28	1.49	7,813	11,641.37	11.4%
2/22--	buy	DRAD	1.95	5,128	10,000	DRAD			1.95	1.90	5,128	9,743.20	9.6%
4/5 -	buy	ECGI	0.98	10,204	10,010	ECGI			0.98	1.02	10,204	10,408.08	10.2%
6/1 -	buy	GENC	7.82	1,278	10,004	GENC			7.82	7.40	1,278	9,457.20	9.3%
6/14 -	buy	QCC	1.41	7,092	10,010	QCC			1.41	1.48	7,092	10,496.16	10.3%
						Money Market			1.00		50,000	50,000.00	49.1%
								Total Valuation=				101,746.01	100.0%

REVIEW since last issue

The Stock Portfolio is up 1.7% versus the Wilshire 5000's drop of 3.7% year to date.

I think I'll keep the powder dry for now, leaving the portfolio half in and half out.

Dow 30 Portfolio

ACTION FOR			PORTFOLIO DETAILS				Value as of date: 7/16/2010							
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	
3-May	sell	CVX	82.83	43	3,562	DIA			103.83	101.01	771.04	77,882.75	80.8%	
3-May	buy	VZ	29.29	50	1,475	T			25.18	24.69	120	2,962.80	3.1%	
3-May	buy	PFE	16.91	60	1,025	VZ			28.70	26.69	155	4,136.95	4.3%	
3-May	buy	AA	13.15	231	3,048	PFE			17.86	14.56	227	3,305.12	3.4%	
						AA			13.15	10.41	231	2,404.71	2.5%	
						XOM			65.11	57.96	46	2,666.16	2.8%	
						Money Market					1.00	3,024	3,024.00	3.1%
												Total Valuation=	96,382.49	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

No changes for now.

Feature Company

Working on a large-cap dividend strategy. When completed, I will post it.

Also working on a micro-cap strategy that focuses on cheap stocks.

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ies where their market went sideways to down for years.

The connecting feature between them and us is deflation. Asset values never recovered, while the expectation that they would persisted.

So, the market is pausing here as it ponders the possibility of another recession, the weakness in housing and lending and anemic job growth.

It'll make for some interesting times ahead. Buy and hold is dead. Trading the main trend is still the way to approach the markets.

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 either at the close on Monday (the day this eNewsletter is posted), unless otherwise noted.

Portfolios are updated through the preceding Friday's close.

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

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