

Stock Selections & Timing

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December 9, 2013 (data through previous Friday's close)
Volume 4
Issue 49

Scenarios

The jobs report this month came in stronger than expected. Unemployment dropped to 7%, the lowest level since November 2008. Will it be enough for the Fed to announce the beginning of its taper program? We'll find out

soon enough at the next Fed meeting on December 17-18.

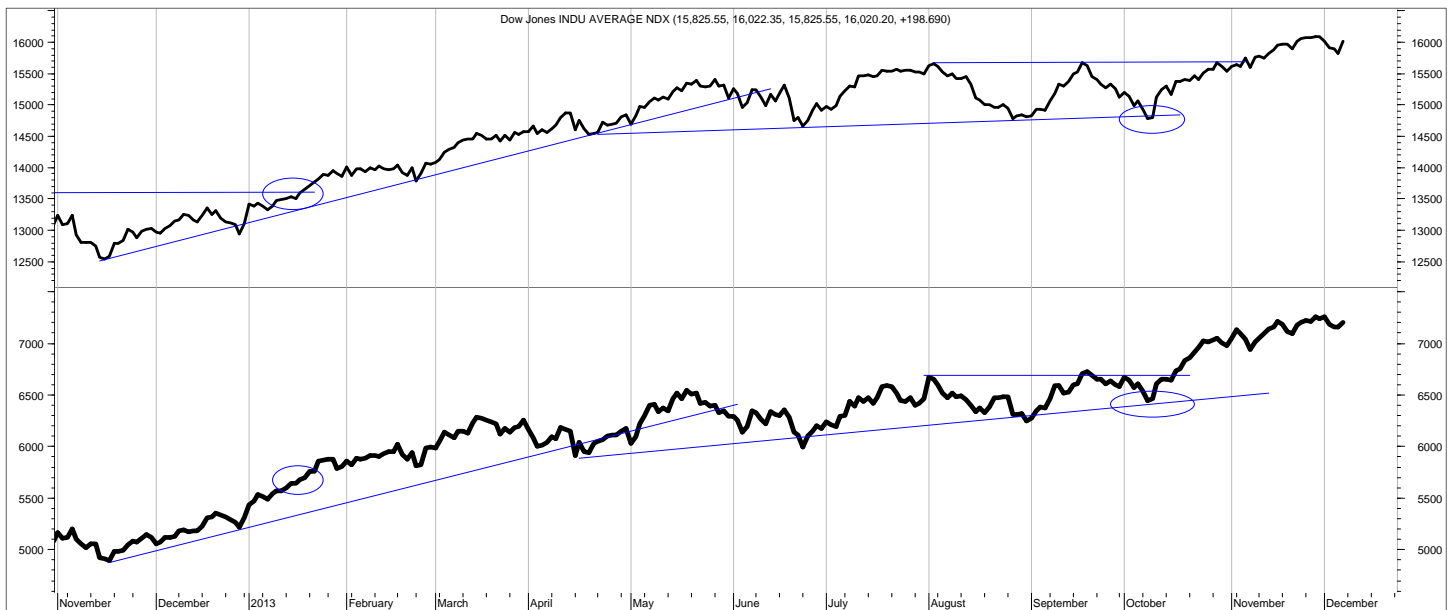
One scenario is that the economic numbers are strong enough to move the taper needle, but the current chairman may still want to do nothing. His term expires January 31

2014 and Janet Yellen will begin her term. Why not let his predecessor take over "as is"?

If that scenario plays out, then bonds may start to rally. See page 2.

To be clear, however, I be-

(Continued on bottom left on page 4)



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower).

SCOREBOARD

Model	YTD	52-week	26-week	13-week	4-week	1-week
Stock Portfolio	18.2%	18.1%	10.2%	5.1%	1.9%	-1.0%
Dow30 Portfolio	5.8%	4.6%	-4.1%	0.0%	0.0%	0.0%
Index						
S&P 500 TR	29.8%	28.5%	9.8%	9.0%	2.1%	0.0%
Dow Industrials	23.8%	21.8%	5.1%	7.4%	1.6%	-0.5%

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Stock Portfolio

ACTION FOR			PORTFOLIO DETAILS						Value as of date: 12/6/2013						
Action Dates	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing stop as of 6/9	Yield at buy	Buy Limit	Start Price	End Price	# of Shares	Current Value	Percent of Total	
23-Sep	sell	WTT	1.89	2,000	3,770	GENC			8.00	7.56	9.30	2,278	21,185.40	12.5%	
23-Sep	sell	MCC	13.48	1,000	13,470	WTT			1.00	0.87	2.39	4,500	10,755.00	6.4%	
30-Sep	sell	WTT	2.01	1,000	2,000	OPLK			13.00	12.84	16.46	600	9,876.00	5.8%	
14-Oct	raise buy limit on M/C (NAV is \$17.56)														
14-Oct	sell	MCGC	5.16	1,500	7,730	MCGC		10.8%	4.80	4.79	4.67	3,300	15,411.00	9.1%	
4-Nov	buy	MCGC	4.79	3,300	15,817	NGPC		8.7%	7.15	7.04	7.61	2,000	15,220.00	9.0%	
						MVC		3.8%	14.50	12.71	14.09	1,200	16,908.00	10.0%	
25-Nov	sell	GAIN	7.47	1,000	7,460	IRET	7.85	6.3%	8.50	8.35	8.79	950	8,350.50	4.9%	
25-Nov	buy	O	38.28	100	3,838	O	38.00	5.5%	41.00	39.96	36.92	300	11,076.00	6.5%	
10-Dec	sell	WTT	>2.4	1,000		Above in green shows end price still below buy limit. Shown below is watch list for potential purchase at or below buy limit.									
Dividends												8,532.40	5.0%		
Money Market												1.00	51,836	51,836.00	30.6%
Total Valuation=												169,150.30	100.0%		

REVIEW since last issue

12/9 No changes. The Rule of '72 says an investment will double in X number of years given a Y rate of change (all other things being equal). With a yield of 9%, a stock should double in 8 years.

12/2 No changes. Only one recommended stock is still below its buy limit.

11/25 No changes.

11/18 No changes.

11/11 No changes.

11/4 OPLK tumbled on weaker than expected earnings. I will watch for rebounds. Reenter MCGC as its numbers have come in on target. NAV is \$5.10 and they will purchase stock on the open market.

10/28 No changes. O tumbled on the news of a secondary offering, but has rebounded.

	2010	2011	2012	ytd 2013	Incptn
Stock Portfolio	12.3%	21.4	5.0	18.2	69.2
S&P 500 TR	15.0%	1.9	14.1	29.8	73.5

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: 12/6/2013					
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Closing Stop as of 6/9 Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
24-Jun	sell	AA	7.79	1,500	11,675							0.0%
24-Jun	sell	BAC	12.30	900	11,060							0.0%
24-Jun	sell	INTC	23.58	519	12,228							0.0%
25-Jun	sell	MRK	46.23	265	12,241							0.0%
TO BE ADDED, IF ABOVE SELL STOP												
TO BE ADDED, IF BELOW BUY LIMIT												
Money Market								1.00	108,999	108,998.88	100.0%	
								Total Valuation=		108,998.88	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

- 12/9 Work is progressing on the new timing model for the Dow 30 stocks.
- 12/2 No changes.
- 11/25 No changes.
- 11/18 No changes.
- 11/11 Added "NOT" to last week's comment. No other changes.

No new recommendations

No new recommendations.

(Continued from page 1)

lieve the 30-year secular bond bull market is over. So, bonds may rally here, but shouldn't get back to new highs (new rate lows). Those days are behind us, especially given the stronger current economic numbers. Plus the leading economic numbers continue to trend higher. Except for bounces, the primary secular trend is up for interest rates and down for bond prices.

As for stocks, they rallied on the positive economic news. The question here is whether this good news is factored in or not? With a PE (12-month as reported earnings) of 20 and a CAPE of 25 (10-year deflated averaged earnings, see page 11), the market is

clearly anticipating good news. It looks to be factored in already. CAPE was higher in 1929 and in 2000, but we know what happened next in those instances.

There is one possibility, however, where things "stay the same". If the economy begins to substantially accelerate its growth rate, then the overvaluation may subside without a corresponding plunge in stock prices. The "E" part of the ratio may improve, rather than the "P" part plunge.

So, those are a couple of scenarios to keep in mind in the next couple months.

Please see the individual portfolio pages for any updates and changes.

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 (12/31/11), 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 S&P 500 TR (total return) includes dividend reinvestment.

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