

**January 11, 2016  
Market Strategies Newsletter  
Sample Issue**



**Balanced Investing Strategies To  
Make Money In Up Or Down Markets**

A Publication of Princeton Research, Inc. ([www.PrincetonResearch.com](http://www.PrincetonResearch.com))  
Contributing Staff: Michael King, Charles Moskowitz

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**Where To Invest In 2015 Newsletter Covering:**

**Where to Invest January 2016  
Best Stocks To Buy January 2016  
Stock Market Investing Strategies  
Stock Options Trade Alerts  
Options Trading Strategies  
How To Trade Options**

**2016 Year To Date Profits \$408**

**2015 YTD Profits \$ 6646  
Over 66% Returns**

**2014 Profits = \$ 20,443  
Over 204% Returns**

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## **\$10,000 Trading Portfolio** **Charles Moskowitz Discussion**

We Have NO Open Long Positions:

Funds in Use = None

### *Who's Naughty & Who's Nice ???*

Week one was a small gain of \$408 (4%) and for the first time in 5 years we have no open positions. For a week that saw the market down 6% that's not too bad. This year I expect to see a lot of what we've seen for the last several weeks, dramatically increased volatility...IN BOTH DIRECTIONS.

Well, the question above basically deals with Santa's list and why he decided not to provide his self-named rally. This week represented the worst 3 and 5 day starts to a New Year ever. So what do we do about "the first 3 days set the tone for January and January sets the tone for the year?" Well, the January barometer works roughly 60% of the time so it's slightly likely that the year will be down...however, the speed with which this market has shrugged off problems is remarkable. The bottom line really is summed up in a very simple piece of advice..."Trade the market you get, not the one you want or expect..."

I spent the last several days of the year looking at what I was expecting to see, a Santa Claus rally and a setup for a great start of the year. My positions all looked great in that light. However, the fire in Dubai scared me enough that I decided to lighten up going into the long, holiday weekend. I also bought a few GLD calls and made sure I was no longer short Oil. This was fortunate and it made me look at the charts with a little less bullish set of eyes.

A look at the weekly S&P500 shows a minor rally early last year and then essentially a bunch of flat tops (nominal new highs) all the way until early August and then the late August break from 2110 to 1867. We had a tradable rally for a month back up to 2020 and then a successful test of the low leading back to the highs of 2100. It looked (through my bull goggles) as a 9-10 week flagging out...Except that instead of resolving to the upside it broke hard the last days of 2015 and this past week...from 2080 to 1992. Looking at the OBV (on balance volume) we are more oversold than we were just prior to the late September-to early November rally.

So, is the bull market over ? Does it really matter ? If you weren't in the stocks in the dramatically narrow (pointed out here repeatedly) leadership group you didn't participate anyway. I am looking for some follow through tomorrow morning based solely on momentum and margin call selling. But I also expect that since we are so oversold and with 78% of the AAll survey respondents either bearish or neutral we should have a bounce. We'll try to buy some SPY calls under the market and see what develops.....**CAM**

## Market Strategies \$10,000 Trading Account Trade Table

| DATE  | TRADES  | PRICE | COST | PROCEEDS | RESULTS  |
|-------|---|-------|------|----------|----------|
| 01/08 | Sold Balance CNC 65 Puts                                    | 2.30  |      | 690      | 480 Gain |
| 01/07 | Sold 3 CNC January 65 Puts( Sold Half on 100% Profit Rule ) | 1.48  |      | 444      | 234 Gain |
| 01/05 | Bought 6 CNC January 65 Calls                               | 0.70  | 420  |          |          |
| 01/05 | Sold 6 CCOI January 35 Calls ( 50% Loss Rule )              | 0.34  |      | 204      | 306 Loss |
| 11/23 | Bought 6 CCOI January 35 Calls                              | 0.85  | 510  |          |          |

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## MARKET LABORATORY – WEEKLY CHANGES

Prices are copied from [Barron's Weekly](#) and [Yahoo Finance](#) and may be incorrect.

|  |   |  |   |  |  |
|--|---|--|---|--|--|
| <b>Dow</b><br>16,346.45<br>-1078.58<br>-6.19%    | <b>Nasdaq</b><br>4643.63<br>-363.78<br>-7.26% | <b>S&amp;P 500</b><br>1922.03<br>-121.91<br>-5.96% | <b>Transportation</b><br>6946.36<br>-562.35<br>-7.49% | <b>Russell 2000</b><br>1046.20<br>-89.69<br>-7.90% | <b>Nasdaq100</b><br>4270.78<br>-322.49<br>-7.02% |
| <b>Gold (spot)</b><br>1097.80<br>+37.80<br>+3.6% | <b>Silver</b><br>1380.3<br>-57.6<br>-4.0%     | <b>Crude</b><br>33.16<br>-3.88<br>-10.5%           | <b>Heating Oil</b><br>105.21<br>-7.18<br>-6.4%        | <b>Unleaded Gas</b><br>1.1277<br>-0.1433<br>-11.3% | <b>Natural Gas</b><br>2.472<br>+0.135<br>+5.8%   |

|   |  |   |  |  |   |
|---|--|---|--|--|---|
| VIX<br>18.21<br>+2.47<br>+15.7%                         | Put/Call Ratios<br>S&P 100<br>127/100's<br>5/100's | Put/Call Ratios<br>CBOE Equity<br>73/100's<br>9/100's | Bonds<br>156-12 +2-20<br>2.94% -<br>0.08%  | 10 Yr. Note<br>127-13 +1-16<br>2.15% -<br>0.12%      | Copper<br>213.50<br>+1.10<br>+0.5%                              |
| CRB Inflation<br>Index<br>168.58<br>-7.69<br>-4.4%      | Barron's*<br>Confidence<br>72.3<br>+0.6            | S&P100<br>855.58<br>-55.85<br>-6.13%                  | 5 Yr. Note<br>119-11+1-008<br>1.60% -0.16% | Dollar<br>98.38<br>-0.31<br>-0.3%                    | DJ Utilities<br>578.82<br>+1.00<br>+0.17%                       |
| AAll<br>Confidence<br>Index<br><br>Long Term<br>Average | Bullish<br>22.2%<br>-2.9%<br><br>38.74%            | Bearish<br>38.3%<br>+14.7%<br><br>30.30%              | Neutral<br>39.5%<br>-11.8%<br><br>30.96%   | M1 Money<br>Supply<br>+5.74%<br>Dec 28 <sup>th</sup> | M-2 Money<br>Supply<br>+5.95%<br>Dec 28 <sup>th</sup><br><br>.. |

\* Component Change in the Confidence Index

M1...all money in hands of the public, Time Deposits Traveler's Checks, Demand Deposits

M2.. adds Savings and Money Market Accounts both compared with the previous year.

## Market Strategies Technical Information

| Support/Resistance Levels: | SUPPORT | RESISTANCE |
|----------------------------|---------|------------|
| S&P 500                    | 1877    | 1974       |
| Dow                        | 15,995  | 16,663     |
| QQQ                        | 99.04   | 103.90     |
| Transports                 | 66.18   | 7387       |
| NASDAQ                     | 4470    | 4789       |

## \$100,000 Trading Portfolio Stock Positions and Trades

### New Trades

1) Buy 300 XIV \$ 18.18 O.B Place stop Loss at \$ 16.89

Each stock is allocated a theoretical \$ 5,000 share of the portfolio unless otherwise indicated.

| Stock              | Purchase Price | Purchase Date | Stop/Loss | Price/Date Sold | Profit/(Loss) |
|--------------------|----------------|---------------|-----------|-----------------|---------------|
| AAPL 50<br>Shorted | 101.54         | 01/06         |           | 102.68 01/05    | \$ 59         |

|                     |        |          |       |             |            |
|---------------------|--------|----------|-------|-------------|------------|
| KRO 800             | 5.13   | 01/04    |       |             |            |
| EYES 1000           | 6.49   | 12/28    |       |             |            |
| RCII 300            | 15.55  | 12/28    |       | 13.90 01/08 | ( \$ 495 ) |
| APC 100             | 51.21  | 12/10    |       |             |            |
| VA 200              | 36.50  | 12/08    |       |             |            |
| APC 100             | 53.53  | 12/07    |       |             |            |
| LVL 100             | 50.81  | 11/23    |       |             |            |
| TWTR 200            | 28.51  | 10/28    |       |             |            |
| SPXU 200            | 34.10  | 10/15    |       | 35.90 01/07 | \$ 360     |
| CUBA 500            | 7.58   | 09/28    |       |             |            |
| MOS 100             | 43.55  | 08/14    |       |             |            |
| CRM 100             | 72.90  | 04/29    | 66.25 |             |            |
| NBGY 600            | 1.40   | 02/17    |       |             |            |
| BAC. Wts 5,000 lots | 0.7411 | 12/26    |       |             |            |
| BSBR 500            | 4.84   | 12/18    |       |             |            |
| 500                 | 3.75   |          |       |             |            |
| SAN 600             | 8.40   | 12/16    |       |             |            |
| AA 500              | 14.21  | 10/16    |       |             |            |
| NBGY 300            | 2.95   | 05/19    |       |             |            |
| NBGY 300            | 4.08   | 8/12     |       |             |            |
| TEXQY* 200          | 6.56   | 7/11     |       |             |            |
| REPR* 5000          | 0.22   | 10/22/12 |       |             |            |

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For those of you who do not buy puts to protect your portfolio, there are many ETF's that are the inverse of the DOW. The symbols are **DOG, DXD, SDS, TZA and RWM**, which go up when the DOW, S&P 500 and Russell 2000 go down and down when they go up. The DZZ goes up double when gold goes down.

## **Market Strategies \$100,000 Trading Account**

### **New Options Trades:**

#### **1) BUY 8 JANUARY SPY 190 CALLS @ \$ 1.68**

There were two closed option positions:

January 35 CCOI Calls lost \$ 612 being stopped out on the 50% loss rule  
CNC Jan 65 Puts bought at \$ 1.48 on Jan 7<sup>th</sup> made \$ 1,428,  
**which brought the first week of options trades to profit by \$ 816.**

There were three closed out stock trades:

AAPL Short sale made a small profit of \$ 59.  
SPXU sale of 200 lots made a profit of \$ 360, while  
RCII lost \$ 495  
causing a net stock loss of \$ 76.

**This reduced gains for the new-year to \$740.**

The options expire on the third Friday of each Month unless otherwise posted.

The Stock table has the following 20 positions:

**AA, APC(2), BAC.B.WS, BSBR( 2 ), CRM, CUBA, EYES,  
KRO, LVLTL, MOS, NBG (3), REPR, SAN, TEXQY, TWTR, VA**

The options call for a \$ 2,500 investment unless otherwise stated.  
Each stock position requires \$5,000 unless otherwise mentioned specifically.

We are basing money management on a hypothetical  
\$ 100,000 and are using a total of  
\$ 79,999 for the 20 open stock positions. There are no long option positions leaving  
\$ 20,001 in cash.

These figures are approximate and there might be errors.

We have not counted the dividends received from Apple, JP Morgan, North American Tankers, Santander, their Brazil affiliate BSBR and Blue Capital Reinsurance which was sold for a profit and many others. We will begin adding them this year.

Executions that have occurred at or near the open or close of trading sometimes vary from our actual numbers. For example, when something opens down and it is through our price, we take the next trade whether it is an uptick or continues lower. This sometimes results in a 50% trade that is slightly above or below the exact number.

**Previous Week's Recommendations and  
Rules for the Market Strategies  
\$100,000 Portfolio Trading Account**

- All options count for about \$ 2,500.00 for model portfolio calculations unless otherwise stated
- When the option has doubled sell half the position
- Stop Loss protection is either half or offered with each trade
- The cost of the option is the asking price (or the price between the bid and ask, whichever is more realistic)
- The options will be followed until closed out.
- Option Symbols are stock symbol with expiration month and strike price

| Option                 | COST          | Date     | Sold                               | Date       | Profit/<br>(Loss) |
|------------------------|---------------|----------|------------------------------------|------------|-------------------|
| CNC Jan 65<br>12 lots  | Puts<br>0.70  | 01/05/15 | 1.48<br>100% Profit Rule Sold Half | 01/07/2016 | \$ 468            |
|                        |               |          | 2.30<br>Sold Balance               | 01/08/2016 | \$ 960            |
| CCOI Jan 35<br>12 lots | Calls<br>0.85 | 11/23/15 | 0.34<br>( 50% Loss Rule plus Gap ) | 01/05/2016 | ( \$ 612 )        |

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## **This Weeks' Economic Numbers** **Earnings Releases and Media Data**

Before the Open on top of the Row;  
After the close below the Economics Information

|                  |   |
|------------------|---|
| <b>MONDAY</b>    | A Schulman SHLM ( 0.61 vs 0.63 ) Apollo Education APOL ( 0.31 vs 0.44 )<br>Alcoa releases earnings after the close 0.02 expected vs 0.33 last year  |
| <b>TUESDAY</b>   | IHS IHS ( 1.58 vs 1.68 )<br>10:00 hrs JOLTS-Job Openings Nov ( NA vs +5.38 Mln )<br><b>President Obama gives his State of the Union address to Congress at 9 p.m. EDT</b><br><b>The December National Federation of Independent Business, or NFIB, index, which tracks small business sentiment is released. Frequency Economics sees a rise to 96 from 94.8. " consistent with the overall economy holding up well despite global head winds."</b><br>CSX CSX ( 0.40 vs 0.49 ) Progress Software PRGS ( 0.49 vs 0.47 )   |
| <b>WEDNESDAY</b> | Supervalu SVU ( 0.16 vs 0.18 ) Shaw Comms SJR ( 0.47 vs 0.46 )<br>07:00 hrs MBA Mortgage Index 01/02 ( NA vs -27.0% )<br>10:30 hrs Crude Inventories 01/09 ( NA vs +5.085 Mln Bbls )<br>14:00 hrs Fed's Beige Book Jan ( NA )<br>14:00 hrs Treasury Budget Dec ( NA vs +\$1.9Bln )<br><b>President Eric Rosengren of the Federal Reserve Bank of Boston speaks about the U.S. economic outlook in Boston.</b><br>Clarcor CLC ( 0.72 vs 0.86 ) H.B. Fuller FUL ( 0.69 vs 0.64 ) Performance Sports PSG ( 0.14 ) Quantum QTM ( 0.03 vs 0.04 )   |
| <b>THURSDAY</b>  | JPMorgan Chase JPM ( 1.32 vs 1.19 ) Taiwan Semiconductor TSM ( 2.04 vs 3.08 )<br>Infosys INFY ( 14.37 vs 28.44 ) First Republic Bank FRC ( 0.81 vs 0.72 )<br>08:30 hrs Initial Claims 01/09 ( 275K vs 277K )<br>08:30 hrs Continuing Claims 01/02 ( 2220K vs 2230K )<br>08:30 hrs Export Prices ex-ag December ( NA vs -0.6% )<br>08:30 hrs Import Prices ex-oil December ( NA vs -0.2% )<br>10:30 hrs Natural Gas Inventories 01/09 ( NA vs -113bcf )<br>Bank of the Ozarks OZRK ( 0.56 vs 0.43 ) Intel INTC ( 0.63 vs 0.74 )  |
| <b>FRIDAY</b>    | BlackRock BLK ( 4.84 vs 4.82 ) Citigroup C ( 1.12 vs 0.06 ) Fastenal FAST ( 0.40 vs 0.40 ) U.S. Bancorp USB ( 0.79 vs 0.79 ) Regions Financial RF ( 0.20 vs 0.14 ) PNC PNC ( 1.79 vs 1.84 ) Wells Fargo WFC ( 1.03 vs 1.02 )<br>08:30 hrs Retail Sales Dec ( 0.1% vs 0.2% )<br>Retail Sales ex-Auto ( 0.3% vs 0.4% )<br>08:30 hrs PPI Dec ( -0.1% vs +0.3% )<br>CORE PPI ( 0.1% vs 0.3% )<br>08:30 hrs Empire Manufacturing Jan ( -3.5 vs -4.6 )<br>09:15 hrs Industrial Production Dec ( -0.2% vs -0.6% )<br>09:15 hrs Capacity Utilization Dec ( 76.9% vs 77.0% )<br>10:00 hrs Michigan Sentiment Jan ( 92.6 vs 92.6 )<br>10:00 hrs Business Inventories Nov ( 92.9% vs 91.4% ) |



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### **Market Strategies Fundamentals**

The first week of 2016 was a disaster for stocks as global equity indices careened lower to begin the New Year. In fact it was the worst opening week to the stock market that we have ever seen. The S&P 500 tumbled 4.9% through Thursday, representing the worst four-day start to the year in the history of the index. Things did not improve much on Friday as stocks surrendered their opening gains, going out on their lows with the S&P 500 falling 6.0% for the week while the Nasdaq (-7.3%) underperformed.

The Dow Jones 30 finished at 16,346.45 a huge loss of 1,078.58 points careening to a decline of 6.2%. This week's worst performing Dow stocks were some of the foremost biggest names: JP Morgan Chase (JPM: \$ 58.92) - 7.11 or -10.8%; Boeing (BA: \$ 129.99) - \$ 14.60 fell 10.1%. The Goldman Sachs Group (GS: \$ 163.94) lost \$ 16.29 or 9%; Cisco Systems (CSCO: \$ 24.78) minus \$ 2.38 or -8.8%; Chevron (CVX: \$ 82.13) lost 7.83 points or 7.8%; General Electric (GE: \$ 28.45) - \$ 2.70 or -8.7% which had been bucking the slide in equities finally succumbed to the torrid avalanche having its worst week since August. Intel Corp (INTC: \$ 31.51) - \$ 2.94 or 8.5% had a terrible week reversing its up-trend of the last four months. The generals, leading the troops, could no longer withstand the huge downtrend in stocks. Wal-Mart Stores (WMT: \$ 63.54) + \$ 2.24 or + 3.7%, one of the worst performing stocks last year bucked the down-trend.

While the S&P 500 clearly struggled to start the year, other global equity markets had an even more difficult time as China's CSI 300 index plunged 9.9% during a week that featured two early closures after the index declined 7.0%, tripping its circuit breakers. The second instance took place on Thursday, ending the session before the opening hour was up. As a result, Chinese officials removed the circuit breaker mechanism after implementing it at the beginning of the week.

The volatility in Chinese (and global) equities occurred as the People's Bank of China took almost daily steps to devalue the yuan with Thursday's move pushing the currency to a five-year low against the dollar at 6.5646. On Thursday afternoon, Reuters reported that PBoC advisers have voiced support for devaluing the yuan by as much as 15.0% against the dollar, which added to the worries that deflationary pressures may be exported from China to other economies.

The resulting growth concerns manifested themselves through continued weakness in oil prices as WTI crude surrendered 10.8% for the week, settling at its lowest level since December 2008. To be fair, there was a pocket of strength in the commodity space as gold futures rallied 3.5% to \$1,097.50/oz.

Back in the U.S., the Friday session saw a morning rebound after the December Employment Situation report (292K; Briefing.com consensus 200K) beat estimates, but the headline reading masked the lack of wage growth in December (Briefing.com consensus +0.2%). The combination of strong headline payroll growth and nonexistent wage growth gave market participants some hope that the Federal Reserve's

rate hike path may be even more gradual than first thought; however, San Francisco Fed President John Williams appeared on *CNBC* in the early afternoon, suggesting that four rate hikes in 2016 may still be appropriate. Mr. Williams is not a voting member this year, but the market retreated after his comments nonetheless.

| Index        | Started Week | Ended Week | Change   | % Change | YTD % |
|--------------|--------------|------------|----------|----------|-------|
| DJIA         | 17425.03     | 16346.45   | -1078.58 | -6.2     | -8.3  |
| Nasdaq       | 5007.41      | 4643.63    | -363.78  | -7.3     | -2.0  |
| S&P 500      | 2043.94      | 1922.03    | -121.91  | -6.0     | -6.6  |
| Russell 2000 | 1135.89      | 1046.39    | -89.50   | -7.9     | -13.1 |

All ten sectors ended the first week of 2016 in the red. The utilities sector shed just 0.4% while other countercyclical groups like consumer staples, telecom services, and health care posted respective weekly losses of 2.9%, 3.0%, and 5.6%. On the cyclical side, energy and materials lost 6.8% and 7.8%, respectively, while the consumer discretionary sector outperformed, falling 5.9%.

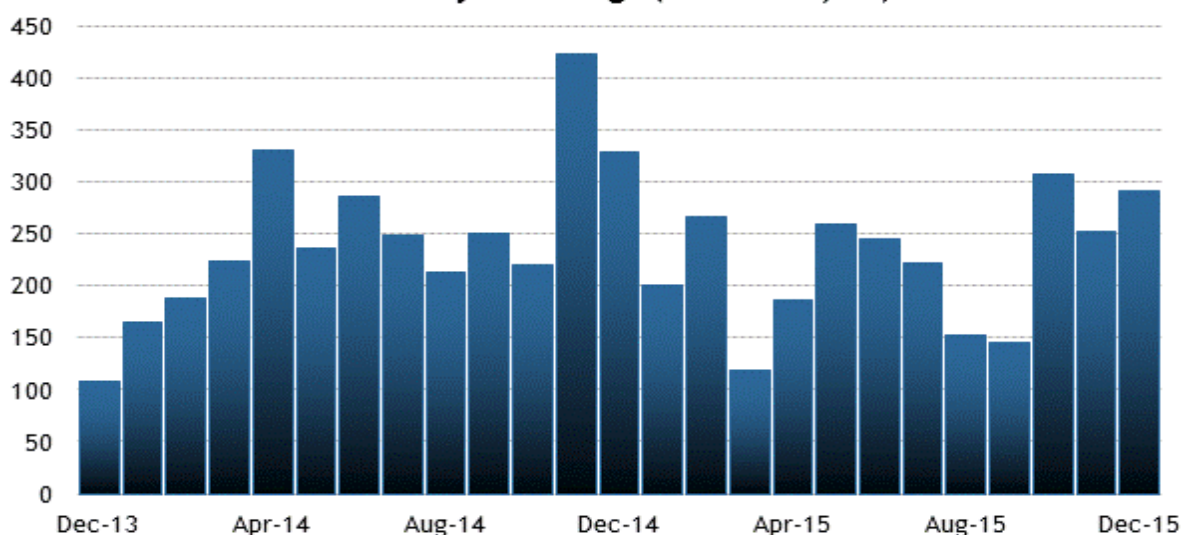
## Market Strategies Economic Data

Nonfarm payrolls increased by 292,000 (Briefing.com consensus 200,000). November nonfarm payrolls revised to 252,000 from 211,000. October nonfarm payrolls revised to 307,000 from 298,000. Private sector payrolls increased by 275,000 (Briefing.com consensus 194,000). November private sector payrolls revised to 240,000 from 197,000. October private sector payrolls revised to 312,000 from 304,000. Unemployment rate was 5.0% (Briefing.com consensus 5.0%) versus 5.0% in November.

The disappointing part of the report was in the flat reading of hourly earnings. Average hourly earnings did not increase (Briefing.com consensus 0.0%) after increasing 0.2% in November. Over the last 12 months, average hourly earnings have risen 2.5% versus 2.3% in November. Aggregate earnings were up 0.2%. The average workweek was 34.5 hours (Briefing.com consensus 34.5) versus 34.5 hours in November. The manufacturing workweek declined 0.1 hours to 40.6 hours. Factory overtime increased 0.1 hours to 3.3 hours. The labor force participation rate was merely up 0.1% to 62.6% versus 62.5% in November.

| Category                    | DEC  | NOV  | OCT  | SEP  | AUG  |
|-----------------------------|------|------|------|------|------|
| <b>Establishment Survey</b> |      |      |      |      |      |
| Nonfarm Payrolls            | 292K | 252K | 307K | 145K | 153K |
| Goods-Producing             | 45K  | 39K  | 34K  | -4K  | -21K |
| Construction                | 45K  | 48K  | 35K  | 19K  | 8K   |
| Manufacturing               | 8K   | 2K   | 3K   | -8K  | -19K |
| Service-Providing           | 230K | 201K | 278K | 169K | 146K |
| Retail Trade                | 4K   | 32K  | 25K  | 10K  | 4K   |
| Financial                   | 11K  | 15K  | 11K  | 3K   | 14K  |

### Nonfarm Payroll Change (Thousands, SA)

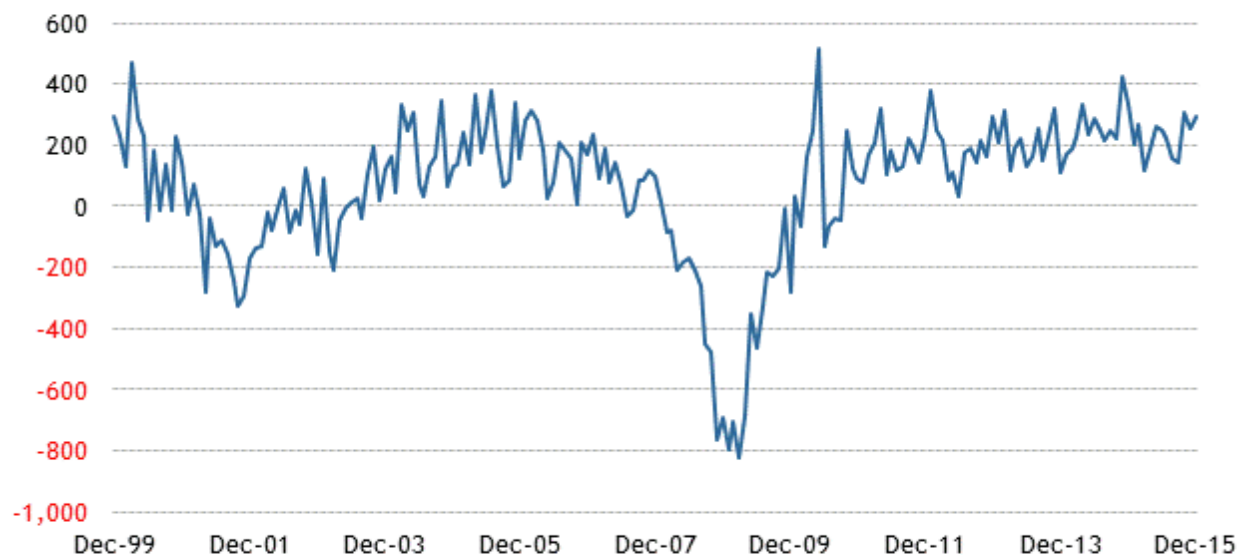


Source: Bureau of Labor Statistics; updated 01/08/16

Briefing.com

| Category                    | DEC  | NOV   | OCT  | SEP   | AUG   |
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| Retail Trade                | 4K   | 32K   | 25K  | 10K   | 4K    |
| Financial                   | 11K  | 15K   | 11K  | 3K    | 14K   |
| Business                    | 73K  | 21K   | 94K  | 32K   | 35K   |
| Temporary help              | 34K  | -12K  | 35K  | 0K    | 6K    |
| Education/Health            | 59K  | 50K   | 73K  | 58K   | 56K   |
| Leisure/Hospitality         | 29K  | 47K   | 48K  | 52K   | 37K   |
| Government                  | 17K  | 12K   | -5K  | -20K  | 28K   |
| Average Workweek            | 34.5 | 34.5  | 34.6 | 34.5  | 34.6  |
| Production Workweek         | 33.7 | 33.7  | 33.7 | 33.6  | 33.7  |
| Factory Overtime            | 4.7  | 4.2   | 4.2  | 4.2   | 4.3   |
| Aggregate Hours Index       | 0.3% | -0.1% | 0.6% | -0.2% | 0.1%  |
| Avg Hourly Earnings         | 0.0% | 0.2%  | 0.3% | 0.1%  | 0.4%  |
| <b>Household Survey</b>     |      |       |      |       |       |
| <b>Household Survey</b>     |      |       |      |       |       |
| Civilian Unemp. Rate        | 5.0% | 5.0%  | 5.0% | 5.1%  | 5.1%  |
| Civilian Labor Force        | 466K | 271K  | 229K | -194K | -54K  |
| Civilian Employed           | 485K | 247K  | 255K | -101K | 177K  |
| Civilian Unemployed         | -20K | 25K   | -26K | -93K  | -231K |

## Nonfarm Payroll Change (thousands, SA)



Source: Bureau of Labor Statistics; updated 01/08/16

Briefing.com

## Market Strategies Cycles

First there was no Santa Claus Rally (SCR), and then December's Closing Low of 17128.55 was violated on January 6 and now the First Five Days (FFD) early warning indicator has registered its worst reading on record going back to 1930 (S&P 500 -6.0%). The first five days of 2016 were capped by a 1.1% S&P 500 drop despite a solid December employment report that showed the economy added 292,000 jobs last month. The market is definitely on shaky ground and the risk of further downside is growing.

However, ample time remains for the market to rebound and finish January with a gain. A positive January Barometer reading would go a long way to improving full-year prospects. And given the recent tendency for the market to rebound just as sharply as it sells off, the possibility of a positive January is not all that far-fetched. Of the 28 negative S&P 500 FFDs since 1930, the full year was down 15 times and up 13 times. The worst annual loss was 2008, S&P 500 off 38.5%. The best year is nearly a four-way tie with 1955, 1985, 1991 and 1998 all registering full-year gains of over 26 %.

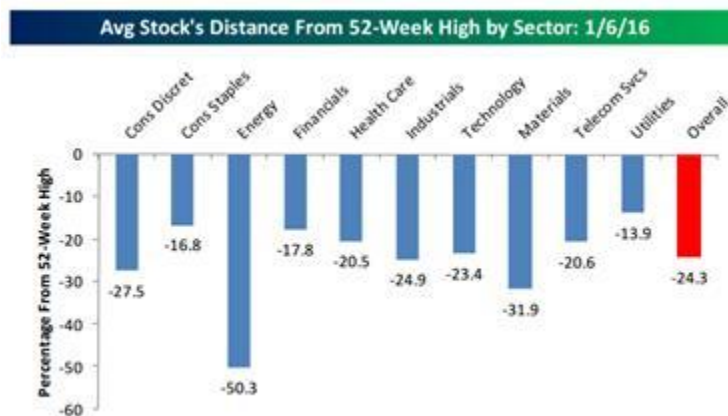
In presidential election years this indicator has a solid record. In the last 16 presidential election years 14 full years followed the direction of the FFD. Errors occurred in 1956 and 1988 when the FFD was negative and the full year finished positive.

The current combination of a negative SCR, negative FFD and DJIA December Low violation has occurred nine times since 1950 (shaded in grey in table below), excluding this year. January was down in seven of those previous nine. But, the Last 11 Months and Full Year were up in six of those nine years. Losing years were all bear markets and included 1969, 2000 and 2008.

No single indicator is perfect and even the January Trifecta plus the December Low indicator has given a few false negative readings. All the negative readings thus far are a cause for serious concern, but if the market can hold last year's August low and stage a January rally the outlook for 2016 would improve. The official January Barometer (JB) on the 29th is even more significant this year. A positive reading could

signal fears and concerns regarding China and global growth were overblown while a negative JB would add credibility.

| <b>S&amp;P 500 January Early Indicator Trifecta — DOWN SCR</b> |        |        |        |  |             |           |
|--|--------|--------|--------|--|-------------|-----------|
| New Year   | SCR    | FFD    | JB     | Feb  | Last 11 Mon | Full Year |
| 1956   | - 0.9% | - 2.1% | - 3.6% | 3.5%   | 6.5%        | 2.6%      |
| 1969   | - 1.2% | - 2.9% | - 0.8% | - 4.7%   | - 10.6%     | - 11.4%   |
| 1978   | - 0.3% | - 4.7% | - 6.2% | - 2.5%   | 7.7%        | 1.1%      |
| 1982   | - 1.8% | - 2.4% | - 1.8% | - 6.1%   | 16.8%       | 14.8%     |
| 1991   | - 3.0% | - 4.6% | 4.2%   | 6.7%   | 21.3%       | 26.3%     |
| 1993   | - 1.1% | - 1.5% | 0.7%   | 1.0%   | 6.3%        | 7.1%      |
| 2000   | - 4.0% | - 1.9% | - 5.1% | - 2.0%   | - 5.3%      | - 10.1%   |
| 2005   | - 1.8% | - 2.1% | - 2.5% | 1.9%   | 5.7%        | 3.0%      |
| 2008   | - 2.5% | - 5.3% | - 6.1% | - 3.5%   | - 34.5%     | - 38.5%   |
| 2016*  | - 2.3% | - 6.0% | —      | —  | —           | —         |
| <b>Average:</b>  |        |        |        | - 0.6%   | 1.5%        | - 0.6%    |
| <b>Median:</b>   |        |        |        | - 2.0%   | 6.3%        | 2.6%      |
| <b># Up:</b>   |        |        |        | 4  | 6           | 6         |
| <b>#Down:</b>  |        |        |        | 5  | 3           | 3         |
| <i>Bold Year = December Low Violated</i>                       |        |        |        |  |             |           |
| <i>* As of Close January 8, 2016</i>                           |        |        |        | <i>Source: StockTradersAlmanac.com. All rights reserved.</i> |             |           |



Through the market close on Wednesday, 1/6/2016, the average stock is down over 24%, and that was before Thursday's almost 400 point sell-off in the Dow Jones Industrial Average, as measured by the SPDR Dow Jones Industrial Average ETF (NYSEARCA:DIA).

### Leading Stocks Still Showing Strength

The earlier mentioned large-cap NASDAQ stocks, particularly the already mentioned AMZN, FB, GOOGL, and MSFT have been showing relative strength. This is also true for NASDAQ stalwarts Netflix (NASDAQ:NFLX) and Starbucks (NASDAQ:SBUX). These charts have held relatively well..





# JANUARY 2016







**Sector Seasonalities: Long = (L); Short = (S)**

**Start:** Computer Tech (S)

**In Play:** Biotech (L), Banking (L), Broker/Dealer (L), Consumer Discr (L),

Consumer Staples (L), Healthcare (L), Materials (L), Real Estate (L), Transports (L), Oil (L)

**Finish:** High-Tech (L), Computer Tech (L), Pharmaceutical (L)

| MONDAY   | TUESDAY   | WEDNESDAY  | THURSDAY   | FRIDAY   | SAT       | SUN       |
|--|---|--|--|--|-----------|-----------|
| <p><b>*Tuesdays:</b> Wkly Chain Store Sales &amp; Avg Hrly Earnings<br/> <b>*Wednesdays:</b> Oil &amp; Gas Inventories<br/> <b>*Thursdays:</b> Wkly Unemployment Report, Weekly Mutual Fund Flows &amp; Wkly Natural Gas Storage Report<br/> <b>*Fridays:</b> Wkly Leading Economic Index<br/> <i>*Except holidays</i></p> |   |  |  | <p><b>1</b></p> <p>(Market Closed)</p> <p>ECRI Future Inflation Index<br/>Semiconductor Billings</p>   | <b>2</b>  | <b>3</b>  |
| <p><b>4</b></p> <p>Russell 2000 Down 16 of Last 25, But Up 5 of Last 7</p> <p>Construction Spending<br/>ISM Index</p>  | <p><b>5</b></p> <p>2nd Trading Day Of Year<br/>Dow Up 15 of Last 22<br/>Santa Claus Rally Ends</p> <p>Vehicle Sales</p>   | <p><b>6</b></p> <p>Average January Gains Last 21 Years:<br/>Dow: 0.04%<br/>Up 12 Down 9<br/>Rank #8</p> <p>Factory Orders<br/>FOMC Minutes<br/>Int'l Trade Deficit<br/>ISM Non-Mfg. Index</p>                                  | <p><b>7</b></p> <p>S&amp;P: 0.3%<br/>Up 13 Down 8<br/>Rank #8</p> <p>Chain Store Sales</p>   | <p><b>8</b></p> <p>NAS: 1.5%<br/>Up 13 Down 8<br/>Rank #5</p> <p>Consumer Credit<br/>Employment Rate<br/>Wholesale Trade</p>   | <b>9</b>  | <b>10</b> |
| <p><b>11</b></p> <p>First Trading Day Of Expiration Week,<br/>Dow Up 16 of Last 23</p>   | <p><b>12</b></p> <p><b>13</b></p> <p>January Expiration Week Horrible Since 1999<br/>Dow Down 10 of Last 17. Average loss: 1.3%</p> <p>Beige Book<br/>Treasury Budget</p> |  | <p><b>14</b></p> <p>Import/Export Prices</p>   | <p><b>15</b></p> <p> Expiration Day<br/>Dow Down 10 of Last 17</p> <p>Business Inventories<br/>Industrial Production<br/>PPI<br/>Retail Sales<br/>U Mich Consumer Sentiment</p> | <b>16</b> | <b>17</b> |
| <p><b>18</b></p> <p>Martin Luther King Jr. Day<br/>(Market Closed)</p>   | <p><b>19</b></p> <p> NAHB Housing Mrkt Index</p>                                       | <p><b>20</b></p> <p>January Ends "Best Three-Month Span"</p> <p>CPI<br/>Housing Starts</p>   | <p><b>21</b></p> <p> Philadelphia Fed Survey</p>   | <p><b>22</b></p> <p>Existing Home Sales<br/>Leading Indicators</p>   | <b>23</b> | <b>24</b> |
| <p><b>25</b></p>   | <p><b>26</b></p> <p>Consumer Confidence<br/>SEMI Book to Bill Ratio</p>   | <p><b>27</b></p> <p> FOMC Meeting<br/>New Home Sales</p>  | <p><b>28</b></p> <p>Durable Goods</p>  | <p><b>29</b></p> <p>Agricultural Prices<br/>ECI<br/>GDP - Q4 Advance<br/>ISM-Chicago<br/>U Mich Consumer Sentiment</p>   | <b>30</b> | <b>31</b> |
| <p><i>Economic release dates obtained from sources believed to be reliable. All dates subject to change.</i></p>   |   | <p> Bull symbol signifies a favorable day based on the S&amp;P 500 Rising 60% or more of the time on a particular trading day 1995-2015</p> | <p> Bear symbol signifies an unfavorable day based on the S&amp;P 500 Falling 60% or more of the time on a particular trading day 1995-2015</p> |  |           |           |



## Undervalued Small Cap Stocks

Lower Priced stocks that look to be a buy:

### Repro-Med Systems, Inc ( OTCQX: REPR 0.43 )\*

Repro Med Systems, Inc. dba RMS Medical Products (OTCQX: REPR) announced that its net revenues for the third quarter ended November 30 for fiscal 2016 increased 18% over the previous year's Q3, led by the Company's sales of proprietary infusion products. The Company's current fiscal year ends February 28, 2016.

Revenues for the third quarter of fiscal 2016 were \$3,145,000 compared with \$2,655,000 for the third quarter of fiscal 2015. Revenues for the first nine months of the fiscal 2016 were \$8,942,000 compared with \$7,797,000 for the same period last year, an increase of 15%.

RMS continues to benefit from recent lean manufacturing initiatives, which have resulted in increased capacity and decreased direct assembly labor costs compared to last year. Gross margin improved in fiscal Q3 to 67% from 60% in the same quarter last year, and from 63% in fiscal Q2.

Driven by the strong sales in the quarter, net income for the third quarter was \$168,000, an improvement of 81% compared with the same period last year. In addition, net income was negatively impacted due to costs associated with several trade shows in the quarter, the hiring of new sales representatives, and continued legal and consulting fees, all of which reflect an investment for growth in future periods. Excluding certain of these non-recurring items, net income margin would have been in excess of 10% for the quarter.

"We continue to see growth in all sectors of the homecare infusion market both domestically and internationally," commented Andy Sealfon, President and CEO of the company.

**"I am also very excited about our newest board member, Cyril N. Narishkin and have appointed him as Interim Chief Operating Office to support our expanded management team and accelerate our growth opportunities. Cyril brings a wealth of experience consulting with companies of all sizes, and will also be instrumental in assisting the Company on its lean initiatives and growth plans,"**

Mr. Sealfon added.

The Company manufactures medical products used for infusions and suctioning. The Infusion product portfolio currently includes the FREEDOM60(R) and our latest FreedomEdge(TM) Syringe Infusion Pumps, RMS Precision Flow Rate Tubing(TM) and RMS HIgH-Flo(TM) Subcutaneous Safety Needle Sets. These devices are used for infusions administered in professional healthcare settings as well as at home. The company's RES-Q-VAC line of medical suctioning products is used by emergency medical service providers in addition to a variety of other healthcare providers.

The Company's website may be visited at [www.rmsmedicalproducts.com](http://www.rmsmedicalproducts.com).

Repro-Med Systems, Inc has had an increase in sales each of the last four years. They finished the year of 2014 with \$ 11.2 million in sales reflecting top line growth of 29% from 2013. In each of the previous two years they had a 12% increase in sales. The company has had at least \$ 700 thousand of net income in each of the past four years and has no debt. The patented needle sets alone can

give the company a huge growth potential. In my opinion, with new products coming on stream, the stock should trade between \$ 3 and \$ 8 in the next two years.

### **ProtoKinetix, Incorporated ( PKTX: 0.07 8)**

ProtoKinetix ([www.protokinetix.com](http://www.protokinetix.com)) trading at \$ 0.0521 low and 0.0969 high on Friday has a huge upside potential. They are in collaboration with the James Shapiro laboratory at the University of Alberta. The sole intention of the collaboration is to develop a commercial product pipeline of therapeutic applications for the AAGP™ family of molecules.

Professor James Shapiro is Professor of Surgery, Medicine and Surgical Oncology, and Director of the Clinical Islet Transplant Program and the Living Donor Liver Transplant Program at the University of Alberta in Edmonton, Canada. He has a busy hepatobiliary surgical practice in HPB oncology, and in liver and kidney-pancreas transplant surgery. His center carries out 80 liver transplants per year, and has done around 80 living donor liver transplants. The University of Alberta just celebrated their 1000th liver transplant.

Dr. Shapiro directs the largest clinical islet transplant program worldwide with almost 170 patients treated, and led the clinical team that developed the "Edmonton Protocol" - the first trial to achieve consistent 100% insulin independence in a series of islet-alone transplant recipients with Type 1 diabetes (published in the NEJM 2000). Before Dr. Shapiro's trial, the success rate with islet transplantation was less than 8%. He led an international multicenter trial to replicate these findings in 9 international centers (published in NEJM 2006).

Over the last 32 months Dr. Shapiro and his team have been extensively testing the AAGP™ molecule in allogeneic transplants using human islet cells as the model. As regenerative medicine is rapidly becoming adopted in the treatment of degenerative diseases, the protection of the transplanted cells, tissues, and organs is of paramount importance. Transplanted cells and tissues are subjected to extreme stress factors that, unless protected, could cause failure to graft or premature death. The success of the tests conducted in Edmonton have demonstrated that AAGP™ has the potential to be widely adopted in many areas of regenerative medicine.

### **Immune Therapeutics ( OTCQB: IMUN \$ 0.20 )**

Appears ready to go; up 20% on the week. This biotechnology company is seeking to commercialize patented therapies in emerging nations that combat chronic, life-threatening diseases by rebalancing the immune system. The trials in Africa are going well.

The value of Naltrexone as an immune modulator was recognized by Dr. Ian Zagon at the University of Pennsylvania.<sup>2,3</sup> The late Dr. Bernard Bihari, a Neurophysician from New York, USA (who passed away on May 16th, 2010) began treating his patients in the late 1980s<sup>4,5</sup>. Since that time, many doctors throughout the United States prescribe LDN for a number of indications including Multiple Sclerosis (MS), Parkinson's disease, Crohn's disease, HIV/AIDS, cancer and other autoimmune and inflammatory diseases.

A number of research and clinical trials have been completed and undergone in regards to LDN immunotherapies, with phase I and phase II clinical trials successfully run at a number of universities in the United States and Europe, including Pennsylvania State University Medical School at Hershey;

University of Chicago; State University of New York; SUNY Upstate Medical University; London Health Sciences Centre - University Hospital, USA; Alpert Medical School of Brown University; Department of Neurology, San Raffaele Scientific Institute; Division of Rheumatology, St. Louis College of Pharmacy; Department of Internal Medicine, University of Utah; Jondi-Shapoor University of Medical Sciences; Department of Psychiatry & Behavioral Sciences, Duke University Medical Center; and Multiple Sclerosis Center at UCSF6.

These efforts were pioneered by leading immunologists Dr. Nicholas Plotnikoff, Dr. Ronald Herberman, Dr. Bernard Bihari, Dr. Angus Dalgleish, Dr. Ian S. Zagon, Dr. Jill Smith, Dr. McLaughlin, Dr. Jacqueline McCandless, and Moshe Rogosnitzky, among others.

## **Oakridge Global Energy Solutions, Inc.**

Oakridge Global Energy Solutions Inc., is a publicly traded company, trading symbol: **OGES** on the OTCQB with a market capitalization of approximately USD \$ 250,000,000, whose primary business is the development, manufacturing and marketing of energy storage products.

Oakridge Global Energy Solutions, Inc. (OGES) is an integrated energy storage solutions company that uses state-of-the-art technology in the design, development and manufacture of high-quality cells, batteries, and energy storage systems.

The company's innovative 'Made in the USA' product line includes multiple lithium-ion chemistries, technologies and form factors that are optimized to address four high-demand target markets – motive applications, such as electric and hybrid electric fleet vehicles (especially golf cars and local area electric vehicles), stationary living space power for domestic, commercial and grid applications (homes, businesses, RVs, boats, and uninterruptable power supplies), remote control and portable devices (including medical devices), and also starter motor batteries for motorcycles, jet skis, snow mobiles and boats, as well as cars and trucks.

All the company's batteries and power systems also have major application to the military, aerospace, marine, medical and telecom sectors generally.

## **Fundamental Analysis Stocks To Buy with Stops**

Dycom we are looking for a place to buy.

LUV and VA were stopped out with very nice gains. We want to be a buyer of both once again.

Both Intel and Kroger were excellent positions. We were stopped out of the Intel. Hold on to the KR.

Enzo Biochem ( ENZ ) remains cheap. Profits are large so we would take the gain in uncertain times like these.

Continue to buy Bank of America on dips.

We were finally able to get filled on theoretical orders to buy Microsoft.

Surprisingly, Akorn was unable as it did not get to our price.

Date below price indicates the activity.

| Symbol | Name                    | Business Description                   | PE   | P/S  | MV mln  | Price        | Buy Limit                  | Stop Loss Or sold                   |
|--------|-------------------------|--|------|------|---------|--------------|----------------------------|-------------------------------------|
| AKRX   | <b>Akorn, Inc</b>       | Drug Manufacturing                     | 100  | 7.15 | 4.3B    | 37.47        | 36.60                      | 33                                  |
| T      | <b>AT&amp;T</b>         | Communications                         | 36   | 1.54 | 211.7B  | <b>33.54</b> | <b>34.10</b>               | 32x                                 |
| DY     | <b>Dycom Industries</b> | Internet Cable Provider                | 28   | 1.10 | 2.5B    | 71.51        | 66.60<br>Price to buy      | 63x                                 |
| MSFT   | <b>Microsoft</b>        | Technology Software, Services, Devices | 17   | 4.7  | 431B    | <b>52.33</b> | 53                         | 51                                  |
| KR     | <b>Kroger</b>           | Food Mfg and Processing                | 18   | 0.33 | 37B     | <b>40.80</b> | 36.76<br>11/16             | 39.60x                              |
| INTC   | <b>Intel</b>            | Technology chips platforms processors  | 13.6 | 2.8  | 152.83B | <b>31.51</b> | 30.48<br>10/26             | 29.50                               |
| VA     | <b>Virgin Air</b>       | Regional Airlines                      | 7.2  | 1.0  | 1.5B    | <b>32.87</b> | 32<br><i>Suggested buy</i> | <b>30.50x</b>                       |
| LUV    | <b>Southwest Air</b>    | Regional Airlines                      | 16   | 1.15 | 22.6B   | 42.21        | 40.41                      | 38x                                 |
| ENZ    | <b>Enzo Biochem</b>     | Life Sciences                          | NA   | 1.35 | 134M    | <b>4.69</b>  | 2.78<br>8/24               | 3.78x                               |
| BAC    | Bank of America         | Commercial Bank                        | 10   | 2.02 | 165.3B  | 15.20        | 14.89                      | <b>16.92x</b><br><i>stopped out</i> |
| HDGE   | Advisor Shares          | Ranger Bear ETF                        |      |      |         | 11.60        | <i>Buy</i><br><b>10.68</b> | 10.55X                              |

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When there is no movement in penny stocks, even though there is none or very small losses, we will liquidate ( sold AIVN on stop ) even though we like the company, if money is needed for better opportunities.

We now believe REPR represents upside opportunity. The Target ADR trades at about \$ 4.50 in U.S. vs 0.05 in Australia. Princeton owns 400,000 Australia shares and about 900 U.S. ADR's.

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