

MARKET STRATEGIES



Covering High Return Balanced Investing Success Strategies For
Stocks ■ Bonds ■ Interest Rates ■ Natural Resources ■ Currencies ■ Venture Capital ■ Gold

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\$10,000 OPTIONS ONLY ACCT:

New Trades for this week:

- (1) BUY 3 TNA 2/47 CALLS @ \$3.80 OB
- (2) BUY 4 PRGO 2/100 CALLS @ \$2.40 OB

The \$10,000 Options Only ended last year with gains of \$7,878.00 in thirty-one weeks and with the profits last week start this year with gains of \$1435.00.

Five positions remain: the TEN Jan 29 Calls, CSCO Feb19 Calls, IBM Jan 185 Calls, ZSL Jan 15 Calls and the FSLR Jan 35 Calls. The Open positions are highlighted in the options table below. Approximately \$ 4605 funds are in use.

We started off the year on a positive note gaining just over 14%. Now we have to deal with all of the election nonsense.....political instability, negative ads, one week jumps or declines in individual polls, but the biggest influence in the immediate future will probably be Q4 earnings. We have had a great many warnings by companies and analyst's downward expectations.

With the market having rallied I'm afraid that the path of least resistance may be the downside. I'm not overly bearish, just wary. With all of the various VIX measures as depressed as they are currently I am just very wary of the lack of concern. It is one of the most easily changeable of sentiments, and is usually pretty ugly when it happens. Still, there are a lot of stocks that have stopped going down and based. Many of the "old favorites" have come back to life in a big way. MSFT, CSCO, and CRUS are just a few.

We will continue to have a balanced approach and find buys with limited downside...CAM

Remember, these trades are based on your participation in the TEXTING SERVICE TO RECEIVE ALL UPDATES. Previous closed out trades not listed here may be seen in the January 2 and 2011 weekly newsletters.

DATE	TRADE	PRICE	COST	PROCEEDS	RESULTS
1/6	Sold 2 TEN January 29 Calls	2.75		550	350 Gain
1/6	Sold 3000 BAC.W.S.B	.39		1170	240 Gain
1/6	Bought 10 CSCO February 19 calls	.80	800		
1/5	Bought 5 IBM January 185 Calls	3.5	1750		
1/5	Bought 1000 BAC.W.S.B	.33	330		
1/3	Bought 8 ZSL January 15 Calls	.85	680		
1/4	Sold 10 TLT January 124 Calls	.24		240	240 Loss
1/3	Bought 10 TLT January 124 Calls	.48	480		
1/3	Sold 3 IBM January 185 Calls	6.00		1800	885 Gain
1/3	Sold 2 APC January 75 Calls	4.40		880	200 Gain
12/29	Sold 2 IBM January 185 Calls	4.50		900	290 Gain
12/27	Bought 2000 BAC.W.S.B	.30	600		
12/27	Bought 5 FSLR January 35 Calls	2.15	1075		
12/21	Bought 5 IBM January 185 Calls)	3.05	1525		
12/14	Bought 2 APC January 75 Calls	3.40	680		
12/14	Bought 5 TEN January 29 Calls (2 sold 1/6 , 3 left)	1.00	500		

New trades \$ 10,000 account...In Texting we have a limited amount of words. In the interest of brevity:

OPTIONS ONLY: 1 January; 2 February ; 3 March

The Quantity and Strike Price for each trade is specific. For any questions please call 702 650 3000

MARKET LABORATORY – WEEKLY CHANGES

Prices are copied from Barron's Weekly and Yahoo Finance and may be incorrect

Dow 12359.92 +142.36 +1.17%	Nasdaq 2674.22 +69.07 +2.65%	S&P 500 1277.81 +20.21 +1.61%	Transportation 5069.03 +49.34 +0.98%	Russell 2000 749.71 +8.79 +1.19%	Nasdaq 100 2356.17 78.34 +3.44%
Gold 1616.80 +50.00 +3.19%	Silver 2868.3 +76.8 +2.75%	Crude 101.56 +2.73 +2.76%	Heating Oil 307.02 +15.60 +5.35%	Unleaded Gas 2.7516 +.0942 +3.54%	Natural Gas 3.062 +0.073 +2.44%
VIX 20.63 -2.77 -11.83%	Put/Call Ratios S&P 100 207/100's -6/100's	Put/Call Ratios CBOE Equity 63/100's -4/100's	Bonds 143-01 -1-25 3.02%+0.13%	10 Yr Note 130-24 -0-12 1.96% +0.09%	Copper 343.50 -0.10 -0.00%
CRB Inflation Index 309.48 +4.18 +1.37%	Barron's Confidence 67.7.% +0.5%	S&P100 580.53 +9.74 +1.71%	5 Yr Note 123-067 -0-15 .86% +0.03%	Dollar 81.26 +1.08 +1.35%	DJ Utilities 451.20 -13.48 -2.90%
AAII Confidence Index	Bullish 48.9 +8.3%	Bearish 17.2 -13.6%	Neutral 34.0% +5.4 %	M1 Money Supply +16.6%Dec26th	M-2 Money Supply +9.2%Dec26th

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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.

New Stock Recommendations

(1) BUY 1500 FCH @ \$3.25

(2) BUY 800 BEE @ \$5.30

Last week Bought and Sold BAC Warrants with text alerts.
HNR was stopped out with a small loss.

(A full position is \$5,000)

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)
BAC.WS.B 2500	.33	1/5/11		.39 1/6/12	150
BAC.WS.B 5000	.30	12/27/11		.39 1/6/12	450
PVA 650	5.10	12/28/11	4.50x		
MXL 600	4.35	12/28/11			
CVC 350	14.25	12/28/11	13.30sco		
HNR 675	7.40	12/28/11	6.80x	6.80	(\$ 405)
WG 1500	3.65	12/27/11	2.90x		
XOMA 2000	1.22	12/27/11	.90x		
PWER 1000	3.80	12/27/11			
AEZS 2500	1.65	12/15/11			
CBOE 100	26.37	11/28/11	24.98sco		
GMXR 2500	1.60	12/12/11			
WFR 1200	4.12	12/6/11			
SDS 100	25.55	10/5/11			
XBOR*	1.40	8/12/11	0.70sco		
LEI*	2.06	8/10/11	1.03x		
KAJMY	30.45	3/21/11	29.60 sco		
LEOM*	0.30	12/17/10	0.03 sco		

Note: Previous closed out stock and option positions can be found in the January 2 and newsletters dating back to July 20, 2009. Some of the trades put are January Effect Trades. Stay alert on the free texting service for exits.

Model Portfolio Comments/Changes:

INDEX OPTION RECOMMENDATIONS

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 and SDS, which go up when the DOW and S&P 500 go down and down when they go up.

NEW STOCK OPTION RECOMMENDATIONS

(1) BUY 6 TNA 2/47 CALLS @ \$3.80 OB

(2) BUY 10 PRGO 2/100 CALLS @ \$2.40

Option and overall Comments

We had a gain last week of \$2565 in an up week. Our gains last year were \$ 62,720.00 and with last week's results, our gains for this year start at \$ 2565. We have Five long options positions remaining, the TEN Calls , IBM Calls, CSCO Calls, ZSL Calls, FSLR Calls and the CSCO Spread. The stock table includes 16 long stock positions: PVA, CVC, MXL, HNR, WG, PWER, XOMA, AEZS, GMXR, WFR, CBOE, LEI, KAJMY, LEOM, SDS, XBOR. The SDS is a double inverse SP500 ETF.

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

We are basing money management on a hypothetical \$ 100,000.00 and are using \$9500 in the options positions and \$ 65,500 in the Sixteen long stock for a total of \$ 75,000 with \$ 25,000 in cash. We had 48 letters in 2011. This is our 2nd letter for 2012. These figures are approximate. We do not count commission costs and there may be errors.

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 \$ 100,000 account

- Text UPDATES to 69302.
- 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**
- **Subscribers can follow us on Twitter or call 702 650 3000 for up to date information**

Option	CO ST	Date	Sold	Date	Profit/(Loss)
<u>CSC0 Feb 19</u> <u>25 Lots</u>	<u>Calls</u> .85	1/6/12			
<u>IBM Jan 185</u> <u>10 Lots</u>	<u>Calls</u> 3.50	1/5/12			
<u>ZSL Jan 15</u> <u>20 Lots</u>	<u>Calls</u> .85	1/3/12			

<u>TLT Jan 124</u>	<u>Calls</u>	<u>.48</u>	<u>1/3/12</u>	<u>.24</u>	<u>1/4/12</u>	<u>(480)</u>
<u>FSLR Jan 35</u>	<u>Calls</u>	<u>2.15</u>	<u>12/27/11</u>			
<u>10 Lots</u>						
<u>IBM Jan 185</u>	<u>Calls</u>	<u>3.05</u>	<u>12/21/11</u>	<u>Sold 5 @ 4.50</u>	<u>12/29/11</u>	<u>725</u>
<u>10 Lots</u>				<u>Sold 5 @ 6.00</u>	<u>1/3/11</u>	<u>1475</u>
<u>APC Jan 75</u>	<u>Calls</u>	<u>3.40</u>	<u>12/14/11</u>	<u>4.40</u>	<u>1/3/12</u>	<u>500</u>
<u>5 Lots</u>						
<u>TEN Jan 29</u>	<u>Calls</u>	<u>1.00</u>	<u>12/14/11</u>	<u>Sold 5@2.75</u>	<u>1/6</u>	<u>875</u>
<u>10 Lots</u>						
<u>CSCO Jan 20</u>	<u>Put/Call Spread</u>		<u>2/14/11</u>			
<u>2012 Put short;</u>	<u>0.07</u>					
<u>longJan20/13</u>						
<u>Call</u>						

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This Weeks' Economic Numbers and Media Data

MONDAY	Schnitzer Steel reports before the open. (0.22 vs 0.64 expected) 14:00 hrs Consumer Credit Nov (\$ 7.0B vs 7.6B) Alcoa kicks off 4 th Qtr earnings reports after the close. The numbers are expected to be disappointing. Also French Pres Sarkozy meets German leader Merkel in Berlin as they desperately try to save the Euro.
TUESDAY	10:00 hrs Wholesale Inventories Nov (0.5% vs 1.6%) Republican Presidential hopefuls battle it out in New Hampshire
WEDNESDAY	07:00 hrs MBA Mortgage Index 1/07 (NA vs 2.209%) 10:30 hrs Crude Inventories 1/07 (NA vs 2.209Mln Bbls) 14:00 hrs Fed's Beige Book for January Chevron gives an interim update
THURSDAY	08:30 hrs Initial Unemployment Claims 1/7 (375K vs 372 K) 08:30 hrs Continuing Claims 12/31 (3588 vs 3595) 08:30 hrs Retail Sales Dec (0.4% vs 0.2%) Ex-Auto (0.4% vs 0.2%) 10:00 hrs Business Inventories Nov (0.5% vs 0.8%) 14:00 hrs Treasury Budget Dec (NA vs -\$ 78.1Bln)
FRIDAY	JP Morgan Chase reports before the open. China issues several economic reports including industrial production and retail sales. 08:30 hrs Trade Balance Nov (-\$ 44.3Bln vs -\$ 43.5 Bln) Export Prices Dec (NA vs -0.1%) Import Prices Dec (NA vs -0.2%) 09:55 hrs Michigan Sentiment Jan (71.0 vs 6.9)

Economic Data

The employment situation improved dramatically besting the consensus by adding 200,000 jobs. The Unemployment Rate fell to 8.5% from 8.7%. Average Hours worked rose by 0.5% to their highest level since the beginning of 2009. Even the U-6 number, which includes the underemployed as well

as the unemployed declined to 15.2%. Much of the increase was due to seasonal considerations as 42,000 slots were filed by couriers and messengers delivering packages for the holidays.

Fundamentals (previous letters may be seen at www.princetonresearch.com)

Although 2011 was nearly a text book year for seasonality, it certainly came up short in terms of pre-election year performance. DJIA's 5.5% full-year gain was adequate to avoid being the first losing pre-election year since 1939, but S&P (-0.003%), NASDAQ (-2.2%), and Russell 2000 (-5.5%) did not fare as well. Top performing ETF sectors for 2011 were: Biotech/Pharmaceutical (9.4%), Bonds (9.4%), Healthcare (8.2%), Utilities (5.8%), and Consumer (4.4%). **PIMCO 25+ Yr Zero Coupon US Treasury (ZROZ)** was the best performing, non-leveraged ETF of 2011, gaining an amazing 60.4%. **Market Vectors Solar Energy (KWT)** was the worst performing, shedding 64.4% in the year. A 74.1% decline in shares of First Solar (FSLR) weighed heavily on solar funds as many held a sizable position.

In December, gains and losses were evenly split across the 30 sectors tracked in the Scoreboard, 15 posted gains and 15 suffered losses on average. Biotech/Pharmaceutical (2.9%), Real Estate (2.6%), Financial (2.6%), Healthcare (2.0), and Target Date (2.0) all finished the year well. Spread (-6.9%) and Natural Resources/Gold (-6.7%) did not. Although physical gold funds declined sharply in December, off nearly 11%, they were still solid performers in 2011 with gains averaging 10.1% and are still the top performing asset over the past five years with **iShares Comex Gold (IAU)** and **SPDR Gold (GLD)** taking the top two spots of the 5-Year Winners list. (*Stock Trader's Almanac*)

TECHNICAL INFORMATION

Support Levels:	S&P 500	1268; 1253	Resistance S&P 500	1289; 1310
	DOW	12,320; 12,175	Resistance DOW	12,530; 12,680
	QQQ	5716; 5640	Resistance QQQ	5855; 5945
	Nasdaq	2663; 2612	Resistance Nasdaq	2716; 2758

CYCLES

January is a solid month for market performance as an influx of cash from yearend bonuses and annual allocations typically propels stocks higher. January ranks #1 for NASDAQ , but third on the S&P and Dow since 1971.

Dow and S&P rankings have been slipping since 2000. Both indices have suffered losses in seven of the past twelve Januarys with three in a row, 2008, 2009 and 2010. January 2009 has the dubious honor of being the worst January on record for Dow and S&P 500 since 1901 and 1931 respectively.

Rule 17B requires disclosure of payment for investor relations*

Princeton Research has received about \$ 2,500 per month from Lucas (LEI) marked with an asterisk. Princeton has been paid for investor relations in the past and has negotiated a contract to be paid 100,000 restricted shares from Leo Motors. Princeton is paid by Baron Energy (BROE) to do investor relations in the amount of 300,000 shares. Princeton has also bought separate shares about 327,600 and owns the shares for its own account. USPR paid us 200,000 restricted shares. Cross Border paid us 25,000 restricted shares and we bought and own another 25,000 purchased at higher prices.

Pursuant to the provisions of Rule 206 (4) of the Investment Advisers Act of 1940, readers should recognize that not all recommendations made in the future will be profitable or will equal the performance of any recommendations referred to in this Email issue.

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