

February 8, 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)
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Where To Invest In 2015 Newsletter Covering:

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

Gain For The Week \$ 994

2016 YTD Profits \$ 2295

Over 22% Returns

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 One Open Long Position:

6 TLT Feb 128 Puts

Funds in use = \$ 684

Week 5 was short on trades and primarily short the market.
We had only 3 trades and one of those was a 50% down loss in the GLD.
The other 2 were great gains in the QQQ puts and SIG puts.
For the week we came pretty close to doubling our entire month of January performance (which wasn't too shabby).

We netted \$994 bringing our YTD performance up to a whopping \$2,295 almost 23% in some of the ugliest and erratic market action.

We closed the week with only 1 position in TLT (interest rate ETF) puts...seeking higher rates, and funds in use of \$684.

There are several issues at work here and none of them are positive. The path of least resistance is down, and most notable are the massive vacuum of buyers under anything that doesn't meet even lowered expectations or gives anything but great guidance.

Personally, I believe a big part of the problem is the unexpected consequence of the Dodd/Frank prohibition of "prop" trading. It prohibits banks from trading for their own accounts. In case you didn't see it back in 2008 or so, many, like Goldman Sachs and Morgan Stanley and most of "the street" became banks.

What this means to you is that since they are not as involved, they have no interest or motivation from maintaining an orderly market in the stocks they own. This is similar to the major difference between the NASDAQ market-maker system of decentralized players and the NYSE specialist system. At the NYSE, specialists function to "maintain an orderly market." There are financial incentives that have

nothing to do directly with profits, but rather to limit the financial exposure of these firms. At the NASDAQ, the market makers have nothing but the profit motive at work. If you don't have the carrot of gain why would you bother to be involved with a falling stock? You just wait for the dust to settle and then come back...or not.....

We've had several discussions in this space about "stuff," being the building blocks of our economy, and the fact that this "stuff" can't go to zero...and low and behold, basic materials have come roaring back in the past 10 days. Copper, Gold, and other commodities based investments were the standouts this week. I mean really, LinkedIn worth 46% less than last week, and Alcoa worth 12% more??

We are certainly oversold again in many names and approaching important support in many indices and I'm looking to buy any further decline on Monday. There will be no new trades tonight. Use the free texting service for new trades....It's free, and we're up over 22% to start Week 6...If you're not a subscriber, you should be.....CAM

Market Strategies \$10,000 Trading Account Trade Table

DATE	TRADES	PRICE	COST	PROCEEDS	RESULTS
02/05	Bought 6 TLT February 128 Puts	1.14	684		
02/03	Sold 2 SIG February 110 Puts	3.80		760	550 Gain
02/03	Sold 6 QQQ February 100.50 Puts	2.08		1248	468 Gain
02/02	Sold 3 SIG February 110 Puts	1.85		555	240 Gain
02/02	Sold 6 GLD February 105.50 Puts (50% Loss Rule)	0.44		264	264 Loss
02/02	Bought 6 QQQ February QQQ Puts	1.30	780		
02/01	Bought 5 SIG February 110 Puts	1.05			
01/28	Bought 6 GLD February 105.50 Puts	0.88	528		

**Remember, these trades are based on your participation in the
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MARKET LABORATORY – WEEKLY CHANGES

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

Dow 16,204.97 -261.33 -1.59%	Nasdaq 4363.14 -250.81 -5.44%	S&P 500 1880.05 -60.19 -3.10%	Transportation 6942.82 +36.06 +0.52%	Russell 2000 985.62 -49.76 -4.81%	Nasdaq100 4024.47 -254.70 -5.95%
Gold (spot) 1157.80 +41.40 +3.7%	Silver 1477.8 +53.5 +3.8%	Crude 30.89 -2.73 -8.1%	Heating Oil 105.90 -1.97 -1.8%	Unleaded Gas 0.9927 -0.1396 -12.3%	Natural Gas 2.063 -0.235 -10.2%
VIX 23.38 +3.18 +15.7%	Put/Call Ratios S&P 100 117/100's +10/100's	Put/Call Ratios CBOE Equity 78/100's +14/100's	Bonds 163-08 +2-07 2.68% -0.07%	10 Yr. Note 130-114 +25 1.85% -0.08%	Copper 210.30 +3.60 +1.7%
CRB Inflation Index 161.93 -4.82 -2.9%	Barron's* Confidence 68.7 +0.1	S&P100 839.77 -28.57 -3.29%	5 Yr. Note 121-012 +118 1.25% -0.09%	Dollar 96.96 -2.57 -2.6%	DJ Utilities 624.62 +13.27 +2.17%
AAll Confidence Index Long Term Average	Bullish 27.6% -2.2% 38.74%	Bearish 34.7% -5.2% 30.30%	Neutral 37.7% +7.4% 30.96%	M1 Money Supply +5.74% Jan 25 th	M-2 Money Supply +6.43% Jan 25 th ..

* 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	1846	1940
Dow	16,950 16,155	16,663
QQQ	96.70	102.90
Transports	67.48 64.40	7287
NASDAQ	4290	4680

\$100,000 Trading Portfolio Stock Positions and Trades

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)
UNG 500	7.57	02/05	6.89 x		
CRM 100	64.05	02/04	61.55 x	61.55 02/05	(\$ 250)
SIG 50	110.67	02/03	ShortSale	115.72 02/01	\$ 253
SLCA 300	16.92	01/26	17.28 sco	18.48 02/04	\$ 468
SBH 200	25.53	01/25		26.84 01/26	\$ 262
KRO 800	5.13	01/04			
EYES 1000	6.49	12/28			
APC 100	51.21	12/10			
VA 200	36.50	12/08			
APC 100	53.53	12/07			
LVLT 100	50.81	11/23			
TWTR 200	28.51	10/28			
CUBA 500	7.58	09/28			
MOS 100	43.55	08/14			
CRM 100	72.90	04/29	66.25	66.25 01/28	(\$ 665)
NBGGY 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			
NBGGY 300	2.95	05/19			
NBGGY 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

There were three completed option positions:

The February GLD Feb 105.50 Puts lost \$ 528 being stopped out on the 50% loss rule.
The SIG Feb 110 Puts bought at \$ 1.02 made a total of \$ 1,668, while
The QQQ Puts were also profitable gaining \$ 936 for a total profit for the week of \$ 2,574 in options.

There were two successful stock trades and one loser:

Silica Holdings (SLCA) was bought at \$ 16.92 and sold at \$ 18.48 for a gain of \$ 468.
The 50 shares of Signet Jewelers shorted at \$ 115.72 made a profit of \$ 253.
The Salesforce (CRM) was topped out for a loss of \$ 250.

The net for the week in stock trading was a gain of \$ 471, which increased the total win for the week to \$ 3,045.

The yearly total gain in all closed out trades rose to \$ 4,832.

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), CUBA, EYES, KRO, LVLTL, MOS, NBGGY (3), REPR, SAN, TEXQY, TWTR, UNG, 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 \$76,588 for the 20 open stock positions. There is one long option position requiring \$ 1,368 which totals a requirement of \$ 77,956 leaving \$ 22,044 in cash.

These figures are approximate and there might be errors.

We have not counted the dividends received from many previous trades such as Apple, Colgate Palmolive, 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 soon.

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/ (Loss)
TLT Feb 128 12 lots	Puts 1.14	02/05/16			
QQQ Feb 100.50 12 lots	Puts 1.30	02/02/16	2.08	02/03/2016	\$ 936
SIG Feb 110 12 lots	Puts 1.02	02/01/16	1.85 Sold Half	02/02/2016	\$ 498
			3.80 sold Balance	02/03/2016	\$ 1668
GLD Feb 105.50 12 lots	Puts 0.88	01/28/16	0.44	02/02/2015	(\$ 528)

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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

MONDAY	<p>CNA Financial CNA (0.89 vs 0.76) Cognizant Tech CTSH (0.78 vs 0.67) Diamond Offshore (0.53 vs 0.72) Hasbro HAS (1.30 vs 1.22) Loews Corp L (0.77 vs 0.57)</p> <p>21st Century Fox FOXA (0.44 vs 0.53) Brookdale Senior Living BKD (-0.19 vs -0.58) Molina Healthcare MOH (0.62 vs 0.69) Owens and Minor OMI (0.49 vs 0.49) Owens-Illinois OI (0.40 vs 0.46) PartnerRe PRE 2.67 vs 4.37 Qualys (QLYS 0.17 vs 0.15) Regal-Beloit RBC (1.11 vs 0.82) Waste-Connections WCN (0.47 vs 0.51) Yelp YELP (0.12 vs 0.08)</p>
TUESDAY	<p>Agrium AGU (1.38 vs 0.46) CDW CDW (0.71 vs 0.59) Centene CNC (0.87 vs 1.74) Coca-Cola KO (0.37 vs 0.44) CVS Health CVS (1.53 vs 1.21) Goodyear Tire GT (0.75 vs 0.59) Omnicom OMC (1.33 vs 1.30) Regeneron Pharms REGN 3.31 vs 2.79 Spirit Airlines SAVE (0.97 vs 0.80) Tenneco TEN (1.14 vs 1.05) Viacom VIAB 1.17 vs 1.29 WellCare WCG (0.61 vs 0.41) Wendy's WEN (0.11 vs 0.10) Wyndham Worldwide WYN (0.97 vs 0.90)</p> <p>10:00 hrs Wholesale Inventories December (0.0% vs -0.3%)</p> <p>Akamai AKAM 0.62 vs 0.65 Arch Capital ACGL (1.06 vs 1.15) Assurant AIZ (1.54 vs 0.87) Computer Sciences CSC (0.69 vs 1.18) NCR Corp NCR (0.86 vs 0.88) Panera Bread PNRA (1.78 vs 1.82) Regal Entertainment RGC (0.33 vs 0.30) ScanSource SCSC (0.76 vs 0.68) Disney DIS (1.44 vs 1.27) Wynn (0.78 vs 1.20)</p>
WEDNESDAY	<p>Amtrust Financial AFSI (0.67 vs 1.46) ARAMARK Holdings ARMK (0.49 vs 0.47) Axalta Coating Systems AXTA (0.25) Berry Plastics BERY 0.39 vs 0.27 DTE Energy DTE (0.99 vs 1.17) Health Net HNT (0.66 vs 0.06) Henry Schein HSIC (1.65 vs 1.56) Humana HUM (1.46 vs 1.09) Owens Corning OC 0.45 vs 0.47 Time Warner TWX (1.00 vs 0.98)</p> <p>07:00 hrs MBA Mortgage Index 02/06 (NA vs -2.6%)</p> <p>10:30 hrs Crude Inventories 02/06 (NA vs +7.79 Mln Bbls)</p> <p>14:00 hrs Treasury Budget Jan (NA vs -\$14.4B)</p> <p>Cisco Systems CSCO (0.54 vs 0.53) Expedia EXPE (1.01 vs 0.86) Fidelity National FNF (0.52 vs 0.50) Insight Enterpr NSIT (0.60 vs 0.55) Mylan Labs MYL (1.27 vs 1.05) O'Reilly Auto ORLY (2.08 vs 1.76) Pilgrim's Pride PPC (0.40 vs 0.83) Prudential PRU (2.30 vs 2.12) Service Corp SCI (0.37 vs 0.37) Sun Life SLF (0.88 vs 0.83) Tesla Motors TSLA (0.09 vs -0.13) Twitter TWTR (0.12 vs 0.12) Whole Foods WFM 0.40 vs 0.46</p>
THURSDAY	<p>Advance Auto AAP (1.21 vs 1.37) Alcatel-Lucent ALU (0.09 vs 0.08) Bunge BG (1.58 vs 1.20) Cenovus Energy CVE (-0.17 vs -0.78) Diebold DBD (0.68 vs 0.48) First American Financial FAF (0.67 vs 0.74) Group 1 Auto GPI (1.79 vs 1.67) Huntsman HUN (0.21 vs 0.33) Jarden JAH (1.19 vs 1.15) Kellogg K (0.75 vs 0.84) Mosiac MOS (0.44 vs 0.97) Nielsen NLSN (0.80 vs 0.81) Nokia NOK (0.11 vs 0.09) Telus TU (0.54 vs 0.51) Teva Pharma TEVA (1.28 vs 1.31) Thompson Reuters TRI (0.58 vs 0.53)</p> <p>08:30 hrs Initial Claims 02/06 (280K vs 277K)</p> <p>08:30 hrs Continuing Claims 01/30 (2258K vs 2255K)</p> <p>08:30 hrs Productivity 4thQtr (-1.7% vs +2.2%)</p> <p>Unit Labor Costs Prel 4th Qtr (+ 3.8% vs + 1.8%)</p> <p>10:30 hrs Natural Gas Inventories 02/06 (NA vs -152 bcf)</p> <p>American International AIG (-0.92 vs 0.97) CBS CBS (0.93 vs 0.77) DaVita DVA (0.97 vs 1.09) FireEye FEYE (-0.37 vs -0.38) Groupon GRPN (0.00 vs 0.06) Liberty Global LBTYA (0.04 vs -0.62) Republic Services RSG (0.49 vs 0.50) VeriSign VRSN (0.78 vs 0.70)</p>
FRIDAY	<p>ArcelorMittal MT (-0.17 vs 0.53) Brookfield Asset Management BAM (0.47 vs 0.78) Calpine CPN (-0.06 vs 0.54) Interpublic IPG (0.62 vs 0.57) XRAY (0.65 vs 0.60)</p> <p>08:30 hrs Export Prices ex-ag Jan (NA vs -1.0%)</p> <p>Import Prices ex-oil Jan (NA vs -0.4%)</p> <p>08:30 hrs Retail Sales Jan (+0.2% vs -0.1%)</p> <p>Retail Sales ex-auto Jan (0.0% vs -0.1%)</p> <p>10:00 hrs Business Inventories Dec (+0.1% vs -0.2%)</p> <p>10:00 hrs Michigan Sentiment February (92.7 vs 93.3)</p> <p>Cameco CCJ (0.46 vs 0.52)</p>

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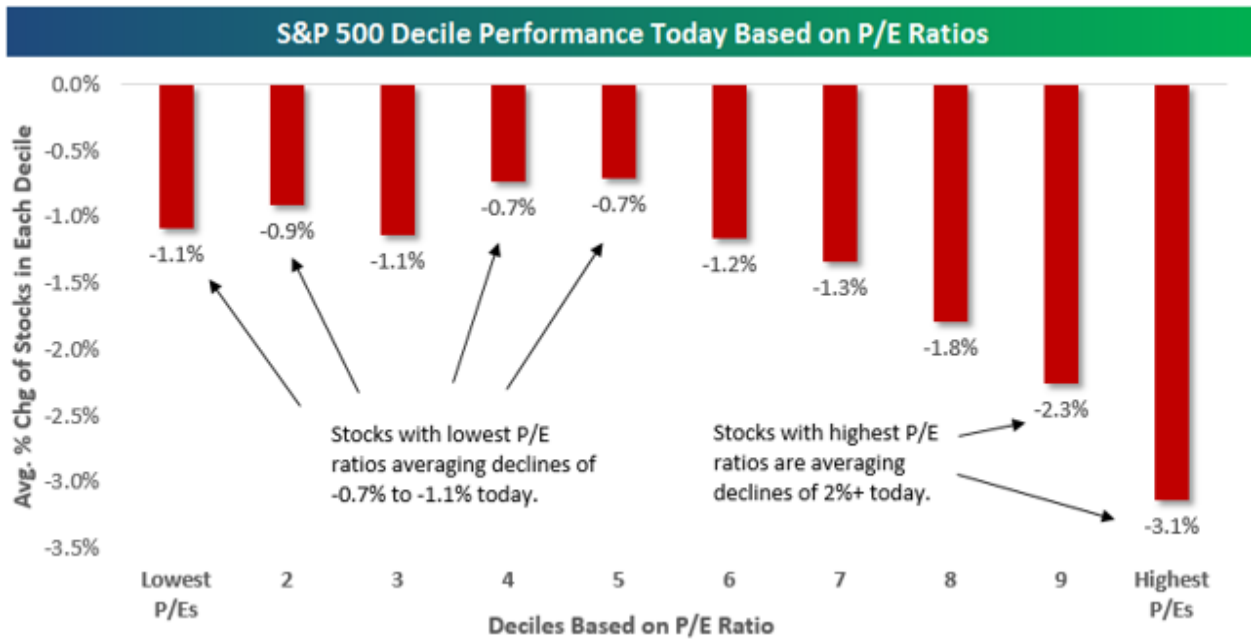
Market Strategies Fundamentals

The Transportation Index performed well for the second week consecutively being the only major index to show a gain for the week. The S&P 500 closed at 1880.05, down 60 points or 3.10%. It has established a new trading range of 1,870 to 1,940. Meanwhile the Nasdaq Index was again the worst performer:

The DJ Transportation Index (DJT: 6942.82) + 36.06 or +0.52%. The Nasdaq Index (NASDAQ: 4363.14) - 250.81 or -5.44% had the worst weekly performance of all major indexes. Tech stocks were particularly hard hit. In this bear market the optimum strategy has been the selling of rallies as opposite to the Buying of dips that has made money in most prior years.

High PE stocks suffered the most. Netflix (NFLX: \$ 82.79) - \$ 9.05 or -9.9% declined for the second week after losing 8.8% the previous week. For the new- year Netflix is off a huge \$ 31.59 or -27.6%. LinkedIn (LNKD: \$ 108.38) - \$ 89.53 or -45.2% for the week was the catalyst as they put out deleterious forward guidance. The magnitude of these numbers confirms a bear market which hurt many stocks. Alphabet (GOOG: \$ 688.14) lost \$ 54.81 or 7.4%. Facebook (FB: \$ 104.07) - \$ 8.14 or -7.2% fell sharply while announcing excellent results.

Volatility remains great as bear market rallies can be huge as we witnessed last Wednesday when the Dow rallied from Tuesday's close of 16,153.54 to Thursday's high of 16,485.84 a gain of 332 points or 2.1%. The Dow ended down 212 points on Friday or 1.29% and 1.59% for the week but has held up much better than either the S&P 500 or the Nasdaq. DuPont (DD: \$ 58.89) + \$ 6.13 or 11.6% was the top performer followed by much beleaguered Caterpillar (CAT: \$ 66.12) + \$ 3.88 or + 6.2%. IBM, which goes ex-dividend on Monday, rose 3%. Other quality, previously highly regarded rallied stocks were also smashed: Home Depot (HD: \$ 116.43) fell \$ 9.33 or -7.42%; Nike (NKE: \$ 57.17) - \$ 4.84 or -7.8%; Microsoft (MSFT: \$ 50.16) - \$ 4.93 or -9%; McDonald's (MCD: \$ 115.40) - \$ 8.38 or -6.8%. Intel lost 6.42% and Pfizer 5%. **Below is a chart showing the demise of high PE stocks.**



Material stocks rebounded: Alcoa (AA: \$ 8.12) + \$ 0.83 or + 11.4%, had been up to \$ 8.50 benefited from a weaker dollar. Freeport McMoran (FCX: \$ 5.68) added \$ 1.08 or + 23.5%. We expect Alcoa to go much higher bear market or not. They have both technology and activist backing.

The Dow Jones Transportation rose in the face of deteriorating airline stocks because of the Zika, a new virus threat, which have some health officials near panic. The Ebola scare caused airline stocks some weakness several months ago and the same attitude affected them last Friday as they declined for no other apparent reason. The effort to cut CO2 greenhouse emissions eliminated the use of DDT which had effectively controlled this disease more easily killing the mosquitos that carry the disease.

Utility stocks continued their ascent. They pay nice dividends and benefit from low energy costs.

The Select sector Utilities Spider (XLU) has catapulted to \$ 46.57 yields 3.5% and should be bought on any two days down. The buying opportunity is for the next 30 days going by the Trader's Almanac chart.



S&P Returns After a Big Drop the First 10 Trading Days

Worst Starts to a Year After 10 Days

Year	Return After 10 Days	Return Rest of Year
1935	-5.7%	49.9%
1978	-6.0%	7.5%
1982	-5.1%	20.9%
1990	-4.6%	-2.0%
1991	-5.0%	32.9%
2008	-6.0%	-34.6%
2009	-6.6%	32.2%
2016	-8.0%	?

Source: LPL Research, FactSet 01/29/16
Data are from 1928-2016.

Market Strategies Economic Data

Nonfarm payrolls increased by 151,000 (Briefing.com consensus 188,000). December nonfarm payrolls revised lower to 262,000 from 292,000. November nonfarm payrolls were revised higher to 280,000 from 252,000. Private sector payrolls increased by 158,000 (Briefing.com consensus 183,000). December private sector payrolls revised to 251,000 from 275,000. November private sector payrolls revised to 279,000 from 240,000. November additions were off-set by December deletions.

The Unemployment rate was 4.9% (Briefing.com consensus 5.0%) versus 5.0% in December.

The U6 unemployment rate, which accounts for the total unemployed plus persons marginally attached to the labor force and the underemployed, was unchanged at 9.9%. The labor force participation rate was 62.7% versus 62.6% in December. Persons unemployed for 27 weeks or more accounted for 26.9% of the unemployed versus 26.3% in December.

Hourly earnings were up 0.5% in January (Briefing.com consensus 0.3%) after being unchanged in December. Over the last 12 months, average hourly earnings have risen 2.5% versus 2.7% in December.

Aggregate earnings were up 0.9%, which should be a positive portent for consumer spending.

The average workweek was up 0.1 to 34.6 hours (Briefing.com consensus 34.5). January manufacturing workweek was up 0.1 hours to 40.7 hours. Factory overtime was unchanged at 3.3 hours.

Category	JAN	DEC	NOV	OCT	SEP
Establishment Survey					
Nonfarm Payrolls	151K	262K	280K	295K	149K
Goods-Producing	40K	54K	53K	31K	-12K
Construction	18K	48K	65K	33K	10K
Manufacturing	29K	13K	3K	2K	-9K
Service-Providing	118K	197K	226K	273K	174K
Retail Trade	58K	-1K	52K	21K	6K
Financial	18K	10K	18K	11K	3K
Business	9K	60K	48K	91K	40K
Temporary help	-25K	25K	1K	-9K	-13K
Education/Health	6K	54K	45K	78K	55K
Leisure/Hospitality	44K	31K	46K	53K	50K
Government	-7K	11K	1K	-9K	-13K
Average Workweek	34.6	34.5	34.5	34.5	34.5
Production Workweek	33.8	33.8	33.7	33.7	33.7
Factory Overtime	4.3	4.2	4.2	4.2	4.2
Aggregate Hours Index	0.4%	0.3%	0.2%	0.3%	-0.2%
Avg Hourly Earnings	0.5%	0.0%	0.2%	0.3%	0.1%
Household Survey					
Civilian Unemp. Rate	4.9%	5.0%	5.0%	5.0%	5.1%
Civilian Labor Force	502K	466K	271K	229K	-194K
Civilian Employed	615K	485K	247K	255K	-101K
Civilian Unemployed	-113K	-20K	25K	-26K	-93K

Manufacturers added 29,000 jobs, tied for the best gain since 2012. However, that statistic does not agree with the ISM Manufacturers Survey released last Monday showing factories shedding jobs at the fastest pace since 2009. The ADP Report last Wednesday was not as dismal as the ISM report reporting that factory payrolls were unchanged in January. The prominent headlines from the January Employment Situation Report were mixed, but on balance there were some key developments in the labor market in January that could keep the Fed inclined to raise the fed funds rate again in 2016 which may have been a factor in the deterioration of equities late Friday. The Fed Funds Futures market does not have a rate hike priced in.

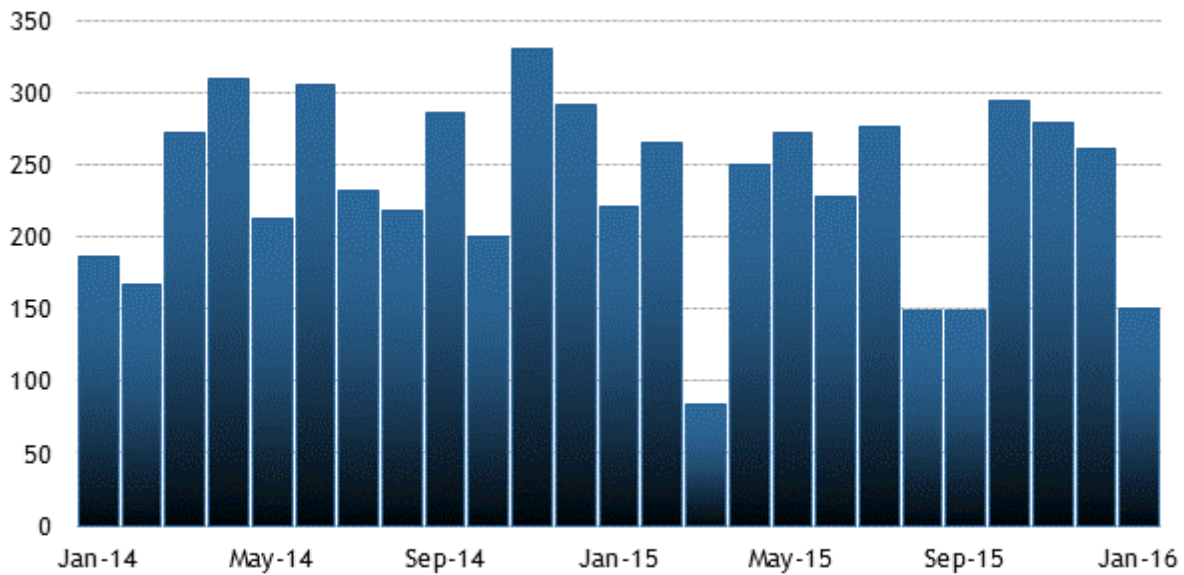
Unemployment Rate (SA)



Source: Bureau of Labor Statistics; updated 02/05/16

Briefing.com

Nonfarm Payroll Change (Thousands, SA)



Source: Bureau of Labor Statistics; updated 02/05/16

Briefing.com

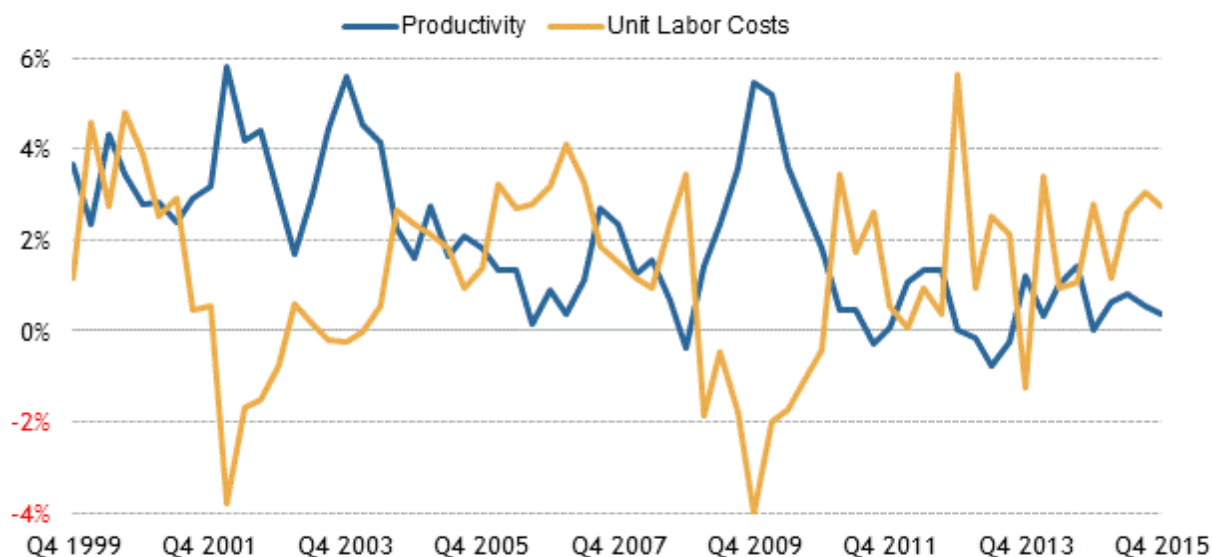
Productivity decreased at a 3.0% annual rate. That was worse than the Briefing.com consensus estimate, which called for a 1.7% decline, and the largest drop in productivity since the first quarter of 2014.

Productivity is up just 0.3% year-over-year. Annual average productivity increased 0.6% from 2014 to 2015, with output and hours increasing 2.8% and 2.2%, respectively.

Productivity has increased at an annual rate of less than 1.0% in each of the last five years, which helps explain the stagnant growth of the US economy. That is well below the long-term rate of 2.1% from 1947 to 2015. Productivity gains help keep cost-push inflation pressures from rising wages in check. Over the long term, it is productivity gains that provide the increase in output that has led to consistent gains in living standards in free market economies.

Category	Q4	Q3	Q2	Q1	Q4
Nonfarm Business Sector					
Productivity Q/Q	-3.0%	2.1%	3.5%	-1.1%	-2.2%
Unit Labor Costs Q/Q	4.5%	1.9%	2.0%	2.6%	5.7%
Productivity Y/Y	0.3%	0.6%	0.8%	0.6%	0.0%
Unit Labor Costs Y/Y	2.8%	3.0%	2.6%	1.2%	2.8%

Nonfarm Productivity and Unit Labor Costs y/y%



Source: Bureau of Labor Statistics; updated 02/04/16

Briefing.com

Consumer Credit, ex mortgages rose by \$21.3 billion in December. Annualized the use of credit swelled by 5.1% the strongest since 2008. Revolving credit, mostly credit cards, rose by \$ 5.8 billion or + 7.5%. Non-revolving credit, mostly student and auto loans, increased by \$ 15.4bil a 7.1% rate.

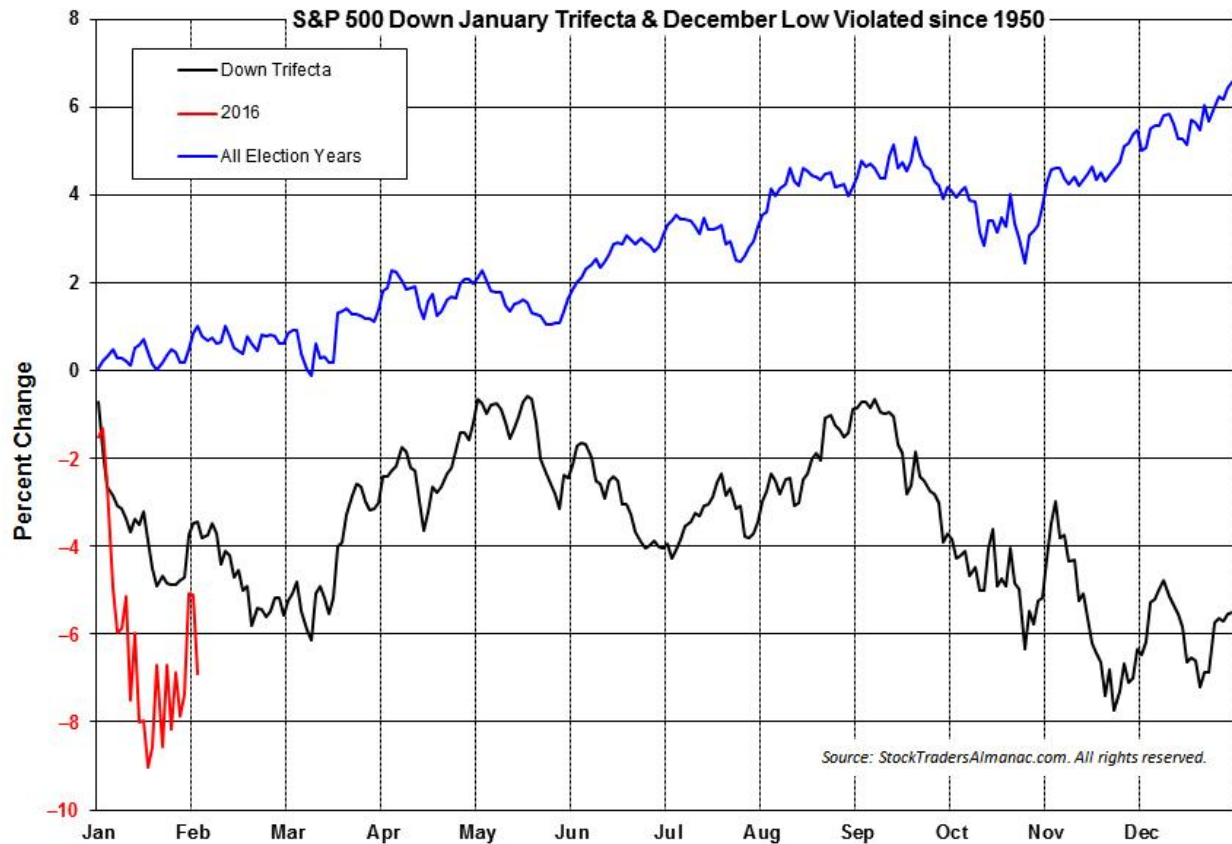
The Trade gap widened to \$ 43.4 billions in December from November's revised deficit of \$ 42.2 bil which is a reflection of the dollar's strength. Exports fell 0.3% to \$ 181.5 bil, while imports rose 0.3% to \$ 224.9 bil. The trade gap with China narrowed by \$ 3.4 bil to \$ 27.9 billions.

Market Strategies Cycles

After closing out an otherwise miserable January on a positive note, the market appears to have run out of gas again here in February. Our January Indicator Trifecta combined with DJIA violating its December closing low does suggest more weakness and volatility are likely.

To gain a better perspective, the following One-Year Seasonal pattern charts were constructed from the other seven years since 1950 that our January Indicator Trifecta was negative across the board and

DJIA's December low was breached. Seven years is not a large data set, but it is significant enough. Average election year and 2016, through today's close are also plotted for reference. Should the market trade in similar fashion to the previous negative Trifecta years, it could be early March before the market reaches an interim bottom and makes a tradable, multi-month trek higher.



New Sector Trade Idea

From the *Stock Trader's Almanac 2016*, page 94, Sector Seasonality, there are two sectors that begin their seasonally favorable periods in March: High-Tech and Utilities. Some tech exposure remains in the Almanac Investor ETF Portfolio. Last year, the Utilities sector started off the year on a near chart-perfect bullish climb from the bottom left to the top right. That trend however, only lasted until the end of January.

So far this year, Utilities have been a bright spot with a solid year-to-date gain while many other sectors are currently in the red. Perhaps Utilities could be rallying because interest rates are falling and their dividends are attractive or perhaps they are advancing because global growth and deflation concerns are making the sectors' highly regulated and stable revenues look like a safe place to park capital. Most likely, Utilities' success thus far is a combination of these reasons and others.

As can be seen in the following chart of the **Utility Sector Index (UTY)**, seasonal strength typically begins following an early March bottom and usually lasts through mid-October although the bulk of the move is typically done by early May. Seasonal factors combined with the current trend suggest the Utilities still has room to run.

FEBRUARY 2016

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

Start: Natural Gas (L)

In Play: Biotech (L), Banking (L), Broker/Dealer (L), Consumer Disc. (L), Consumer Staples (L), Healthcare (L), Materials (L), Real Estate (L), Transports (L), Oil (L), Computer Tech (S)

Finish: None

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT	SUN
1  1st Day Dow, S&P & NAS Up 11 of Last 13 Construction Spending ISM Index Personal Income/Spending Semiconductor Billings	2 Average February Gains Last 21 Years: Dow: 0.4% Up 14 Down 7 Rank #7	3 S&P: 0.1% Up 13 Down 8 Rank #8	4 NAS: 0.01% Up 10 Down 11 Rank #10 Chain Store Sales Factory Orders Productivity and Costs	5 Consumer Credit ECRI Future Inflation Index Employment Rate Int'l Trade Deficit	6	7
8 	9 Week Before Expiration Week, NASDAQ Down 9 of Last 15 Wholesale Trade	10  Ash Wednesday Treasury Budget	11 	12 Day Before Presidents' Day Weekend, S&P Down 17 of Last 24 Business Inventories Import/Export Prices Retail Sales U Mich Consumer Sentiment	13	14 Valentine's Day
15 Presidents' Day (Market Closed)	16  Day After Presidents' Day, NAS Down 14 of Last 21 NAHB Housing Mkt Index	17  FOMC Minutes Housing Starts Industrial Production PPI	18 Leading Indicators Philadelphia Fed Survey	19  Expiration Day, NAS Down 12 of Last 16 CPI	20	21
22	End of February Miserable in Recent Years (Page 22 & 133 STA 2016) Week After Expiration Week, Dow Down 11 of Last 17			26	27	28
29 Agricultural Prices ISM-Chicago	*Tuesdays: Wkly Chain Store Sales & Avg Hourly Earnings *Wednesdays: Oil & Gas Inventories *Thursdays: Weekly Unemployment Report, Weekly Mutual Fund Flows & Weekly Natural Gas Storage Report *Fridays: Weekly Leading Economic Index *Except holidays					
<i>Economic release dates obtained from sources believed to be reliable. All dates subject to change.</i>			Bull symbol signifies a favorable day based on the S&P 500 Rising 60% or more of the time on a particular trading day 1995-2015			Bear symbol signifies an unfavorable day based on the S&P 500 Falling 60% or more of the time on a particular trading day 1995-2015

Undervalued Small Cap Stocks

Lower Priced stocks that look to be a buy:

Repro-Med Systems, Inc (OTCQX: REPR 0.47)*

Repro Med Systems, Inc. dba RMS Medical Products (OTCQX: REPR) has been one of the best performing stocks in 2016.

They 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.

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.

Immune Therapeutics (OTCQB: IMUN \$ 0.18)*

Could be ready to go; although down 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.^{2,3} 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^{4,5}.

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. (OTCQB: OGES \$ 0.75) *

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 finally were able to buy and were stopped out.

LUV and VA were stopped out with very nice gains.

We bought Virgin Air once again at \$ 30.30.

We were stopped out of both the Intel and Kroger with profits. We bought Kroger again.

Continue to buy Bank of America on dips.

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

Enzo is on our radar just waiting for a much better chart pattern to rebuy. We had originally bought at \$ 2.78.

Both Ericsson and Church and Dwight are worth a try at the long side. The HDGE has been a major success for those who believe in hedging. It may be topping out now.

Call 702 650 3000 for questions.

Symbol	Name	Business Description	PE	P/S	MV mln	Price	Buy Limit	Stop Loss Or sold
AA	Alcoa	Aluminum Processing and Technology	N/A	0.4	9.5B	8.12	7.05	6.77X
NFLX	Netflix New Short	Internet Television Network	300	6.25	42B	82.79	Sell @ 101	103.50X
SBH	Sally Beauty Holdings	Specialty Retailer and distributor beauty supplies	16	1	4B	30.28	26.30	28x
ERIC	Ericsson	Communications Technology	24	1	30.3B	8.76	9.32	8.48x

CHD	Church & Dwight	Consumer Products Sodium bicarbonate Arm and Hammer	25	3	10.6B	86.90	<i>79.80</i> <i>01/26/16</i>	77x
T	AT&T	Communications	36	1.54	211.7B	35.14	34.10	32x
DY	Dycom Industries	Internet Cable Provider	28	1.10	2.5B	62.49	61.54	57 stopped out
MSFT	Microsoft	Technology Software, Services, Devices	17	4.7	431B	55.09	50.90	55.09 sold at the 50 DMA
KR	Kroger	Food Mfg and Processing	18	0.33	37B	37.63	36.76 <i>11/16</i>	35.60x
VA	Virgin Air	Regional Airlines	7.2	1.0	1.5B	31.35	30.30 <i>Suggested buy</i>	28.50x
ENZ	Enzo Biochem	Life Sciences	NA	1.35	134M	4.63	4.15 2.78	3.78x
BAC	Bank of America	Commercial Bank	10	2.02	165.3B	12.95	13.56	11.90x
HDGE	Advisor Shares	Ranger Bear ETF				12.33	Buy 11.68	11.46x

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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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