

# WEEKLY MARKET STRATEGIES

Stocks ■ Bonds ■ Interest Rates ■ Natural Resources ■ Currencies ■ Venture Capital ■ Gold

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## I. MARKET LABORATORY – WEEKLY CHANGES

<b>Dow</b> 8,539.73 -259.53 -2.95%	<b>Nasdaq</b> 1,827.47 -31.33 -1.69%	<b>S&amp;P 500</b> 921.23 -24.98 -2.64%	<b>Transportation</b> 3,219.77 -141.65 -4.21%	<b>Russell 2000</b> 512.72 -14.11 -2.68%	<b>Nasdaq 100</b> 1471.23 -18.74 -1.26%
<b>Gold</b> 935.60 -5.50 -0.6%	<b>Silver</b> 1420.0 -67.5 -4.5%	<b>Crude</b> 69.55 -2.49 -3.5%	<b>Heating Oil</b> 178.67 -5.08 -2.8%	<b>Unleaded Gas</b> 1.9244 -.1187 -5.8%	<b>Natural Gas</b> 4.032 +.175 +4.5%
<b>VIX</b> 27.99 -0.16 -0.6%	<b>Put/Call Ratios OEX</b> 115/100's -22/100's	<b>Put/Call Ratios CBOE Equity</b> 73100's +9/100's	<b>Bonds</b> 116-00 +1-10 4.51% -0.13%	<b>10 Yr Note</b> 116-01 +20 (3.77) -0.03%)	<b>Copper</b> 225.05 -12.30 -5.2%
<b>CRB Inflation Index</b> 252.79 -9.46 -3.6%	<b>Barron's Confidence Index</b> 68.8% -2.0%	<b>S&amp;P100</b> 430.43 -9.87 -2.24%	<b>5 Yr Note</b> 114-10 flat 2.78%- flat	<b>Dollar</b> 80.35 +0.21 +0.3%	
<b>AAll Confidence Index</b>	<b>Bullish</b> 33.3% -6.0%	<b>Bearish</b> 46.5% +7.2%	<b>Neutral</b> 20.2% -1.2%		

## RESULTS: Scorecard for all recommended Trades since February

On options including half positions exercised last week added \$ 601.00 to last weeks' total of \$ 4,304 gains to equal \$ 4,905.00 in profits vs additional new losses of \$ 82.50 plus \$3,133 of previous losses to date per option on each trade netting \$ 1,689.50 rarely needing more than \$ 1,000 per week. Stocks using a maximum of \$ 7,500 for all positions there are now \$ 3,951 in profits vs \$ 246 in losses before commissions.

## II. ECONOMIC NUMBERS AND MEDIA DATA ( Looking forward to this week )

<b>MONDAY</b>	Chrysler will reopen seven plants this week closed since bankruptcy protection filings—all in North America. SEC Chairman Mary Shapiro testifies before the Senate Banking Committee on OTC derivatives.
<b>TUESDAY</b>	1000 hrs May Existing Home Sales ( 4.83 mln vs 4.68 mln ) Oracle reports fourth quarter earnings and revenue.
<b>WEDNESDAY</b>	08:30 hrs May Durable Goods Orders ( -0.9% vs + 1.9% ) Durable Goods Orders less Transportation ( -0.5% vs 0.8% ) 1000 hrs May New Home Sales ( 360K vs 352K ) Crude Inventories ( 6/19 NA vs – 3.87mln ) FOMC Rate decision and discussion
<b>THURSDAY</b>	0830 hrs Initial Unemployment Claims ( 6/20 expected 608K vs 605K last week ) 0830 hrs Final GDP ( -5.7% same as last Month ) Fed Chairman Bernanke testifies about the Fed's role in Bank of America's takeover of Merrill Lynch.
<b>FRIDAY</b>	0830 hrs Personal Income ( 0.2% vs 0.5% ) Personal Spending ( 0.4% vs -0.1% ) PCE CORE ( 0.2% vs 0.3% ) 0955 Michigan Sentiment ( 69 unchanged )

## III. INDEX OPTION RECOMMENDATIONS

We recommended buying the DOW July 88 put (DAVSJ) only when the DOW traded below 8,598 which it did last Monday June 15. We are holding this option at a slight profit. Take half profits when the DOW is at 8,400. Place a stop loss at DOW 8,700.

For investors it has continually been recommended that some puts are held to protect one's portfolio (portfolio insurance) against sharp market sell-offs. New and/or additional positions should have been bought on the rally into early/mid May or one can wait until the rally into July.

For those who have no put options to protect your portfolio we recommended the following options, especially on any rally: the DOW September 82 puts (**davud**) or the September 84 puts (**davuf**) and the QQQQ September 34 puts (**qavuh**) or September 33 puts (**qavug**).

For those of you who do not buy puts to protect your portfolio, there is an ETF that is the inverse of the DOW. The symbol is **DOG** and goes up when the DOW goes down and down when the DOW goes up.

## IV. STOCK OPTION RECOMMENDATIONS

- ▶ All options count for 5% each for model portfolio calculations.
- ▶ When the option has doubled sell half the position.
- ▶ Stop Loss protection is 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) at the close the previous Friday or at the open on Monday.
- ▶ The options will be followed until closed out.

### Previous Week's Recommendations

Option	COST	Date	Sold	Date	Profit/(Loss)
DAVSJ	3.50	6/15/09			
DZGGO	1.65	6/12/09	3.20 ( half )	6/17/09	
XRTSD	2.50	6/12/09			
BNISP	5.00	6/12/09	8.30 ( half )	6/18/09	
NDQSC	1.30	6/05/09			
UPYSN	2.55	6/05/09	3.00 ( half )	6/10/09	
STPSR	2.70	6/05/09	1.70 stopped out	6/10/09	( 37% )
GAGSH	3.10	5/29/09	5.30 ( half )	6/03/09	
UNHST	2.70	5/29/09	4.30 ( half )	6/11/09	
ZQNRO	3.20	5/22/09	1.50 stopped out	6/01/09	( 53% )
HQCFX	1.90	5/22/09	3.00 ( half ) 0.45 ( half ) on 6/ 18/09	6/02/09	( 9% )
DAVRD	2.00	5/18/09	Sold 2.00	5/28/09	0
QQQRI	2.18	5/18/09	0.85 stopped out	5/18/09	( 61% )
CQWEF	4.70	5/15/09	1.85 stopped out	5/22/09	( 60% )
QCYFD	1.45	5/15/09	4.20 ( half ) 4.90 ( half )	6/02/09 6/19/09	214%
DAVRI	4.80	5/13/09	2.40 stopped out	6/01/09	( 50% )
DZGFQ	1.85	5/8/09	3.40 ( half ) 1.20 ( half )	5/15/09 6/19/09	24%
IBBFM	2.90	5/8/09	5.50 ( half ) 6.30 ( half )	6/03/09 6/19/09	103%
COHRH	2.75	5/1/09	1.20 stopped out	6/01/09	( 56% )
XJZRL	1.87	5/1/09	1.10 stopped out	5/6/09	( 41% )
ENZFZ	1.70	4/24/09	2.60 ( half ) 1.90 ( half )	6/04/09 6/19/09	13%
NGHQC	2.65	4/24/09	2.60	5/15	( 2% )
DAVQF	5.20	4/20/09	2.60 stopped out	5/4/09	( 50% )
GGEE	3.00	4/17/09	6.00 ( half ) 8.40 ( half )	5/7/09 5/15/09	140%
QQQQI	2.60	4/20/09	1.65	5/15/09	( 37% )
STPQZ	2.00	4/17/09	0.50 stopped out	5/4/09	( 75% )
SZSER	2.52	4/10/09	1.25	5/15/09	( 50% )
TGTQH	2.40	4/10/09	0.45 stopped out	5/7/09	( 81% )
QCYEC	2.45	4/3/09	4.90 ( half ) 4.60 ( half )	4/3/09	94%
QAVPF	2.13	3/30/09	0.50 stopped out	4/9/09	( 77% )
TGTPG	2.19	3/27/09	1.15 stopped out	4/2/09	( 47% )
BNQDZ	2.30	3/20/09	2.30	4/17/09	0%
QAVPE	1.90	3/20/09	1.50 stopped out	3/23	( 21% )
XOKDC	4.40	3/13/09	7.50 ( half ) 7.00 ( half )	3/19/09 3/30/09	65%
CHLDI	2.50	3/13/09	3.10	4/17/09	24%

QGJDV	2.10	3/13/09	3.40	4/17/09	62%
QCBDA	0.90	3/6/09	3.00 (half) 4.00 (half)	3/13/09 3/30/09	289%
NDQDU	0.70	3/6/09	1.85 (half)	3/16/09 4/17/09	204%
FPADF	6.35	3/6/09	9.00 (half) 10.35 (half)	3/13/09 3/30/09	52%
DIJDL	4.80	3/9/09	9.40 (half) 10.85 (half)	3/16/09 3/23/09	111%
FJJDW	2.95	2/27/09	4.80 (half) 5.10 (half)		68%
TBTDT	4.35	2/27/09	0.80 stopped out	3/30/09	( 84% )
QBYDZ	0.70	2/27/09	0.50 stopped out	3/5/09	(29%)
XOKDW	4.35	2/27/09	2.60 stopped out	3/2/09	(40%)
GLDOV	5.50	2/20/09	8.30 (half) 6.50 (half)	2/26/09 3/20/09	35%
ENZDZ	1.95	2/20/09	1.95	4/17/09	0%
DIJCS	5.05	2/23/09	2.90 stopped out	2/27/09	(43%)
TGTOF	2.40	2/13/09	4.05 (half) 4.80 (half)	3/9/09 3/2/09	84%
BHPCH	4.70	2/13/09	1.00 stopped out	3/2/09	(79%)

**Note: Previous closed out option positions can be found in the February 23, 2009, January 19, 2009, September 15, 2008 and November 24, 2008 newsletters.**

### Option Comments:

The following options expired this past Friday: HQCFX, QCYFD, DZGFQ, IBBFM and ENZFZ and we used the closing prices on Friday for portfolio calculations. Four of the five trades were profitable with the QCYFD and IBBFM showing really nice profits while the one losing trade (HQCFX) was only a small loss. We took half profits on our DZGGO and BNISP positions when initial targets were reached during the week.

### New Recommendations:

**EDU**- New Oriental Education- 63.42- has rallied from 51 to 64 in a month so is over extended and should now pull back. Buy the July 65 Put -**EDUSM**- 4.40- for a move back to 60 and then possibly lower. Place a stop loss on the option when the stock closes over 66. Take half profits when the stock is at 60.

**CMG**- Chipotle Mexican Grill- 83.93- after dropping from 90 to 77 has now rallied back to resistance at 84-86 so puts are timely. Buy the July 85 Put -**CMGSQ**- 5.15- for a move back to 77 and then possibly lower. Place a stop loss on the option if the stock closes over 89. Take partial (half) profits when the stock is at 80.

**ENZ**- Enzo Biochem- 4.36- we made money on this one this past month, so we will try again. Broke up out of a base formation a month ago. Has now pulled back to support around 4.40-4.50 so calls are timely. Buy the July 2 1/2 Call-**ENZGZ**- 2.10- for a move back to 5.50 and

then possibly lower. Place a stop loss on the option when the stock closes below 3.50. Take half profits when the stock is at 5.50.

## V. MODEL STOCK PORTFOLIO

- Each stock is allocated a 5% share of the portfolio (unless otherwise indicated).
- We recommend a 10% position in ENZ and CAGC.

Stock	Purchase Price	Purchase Date	Stop/Loss	Price/Date Sold	Profit/(Loss)
S	5.15	5/29/09	4.00	5.25 6/15/09	2%
BCLE	0.0615	5/22/09	0.02		
CSR	6.26	5/15/09	5		
DUG	17.56	5/8/09	16	20 ( half ) 5/15	3%
SPNG	0.0197	5/1/09	0.013	0.03 (half) 5/14	
GG	27.01	4/17/09	25	30 (half) 5/6/09 36 half 5/26/09	32%
FXI	31.85	4/10/09	28	35 (half) 5/8/09	
AMED	29.97	4/3/09	26	35 (half) 5/4/09	
DUG	22.46	4/3/09	20	20 stopped out 5/4/09	(12%)
BOOM	5.23	3/6/09	4.00	14.18 half 4/20/09 22.65 half 6/08/09	252%
NGLS (10%)	8.67	11/28/08	6.00	.9.70 (4/20/09)	18%
ENZ (10%)	4.29	11/21/08	2.50		
CAGC (5%)	1.35	9/19/08	0.40	1.80 ( 6/01/09 )	33%
CAGC (5%)	0.75	11/17/08	0.40	1.50 (5/5/09)	100%
MTBR	0.09	6/29/08	0.02		

Note: Previous closed out positions can be found in the March 23, 2009 letter.

### New Stock Recommendation

No new recommendations this week. We will look for a pullback to add to our portfolio.

### Model Portfolio Comments/Changes

We sold our S (Sprint) position at the open on Monday and made a tiny profit. We will hold the remaining positions into our expected cycle top in August.

## TECHNICAL INFORMATION

We wrote in last week's letter that the intraday lows made on Wednesday June 3 at DOW: 8,598, S&P 500: 923 and QQQQ: 35.93 were the key to the short term bullish case. A close below these levels would suggest a pullback into the short term mid-June (plus or minus a few days) cycle. There is good support at the May 15/21/26 triple bottom lows at DOW: 8,221, S&P 500: 879 and QQQQ: 32.95. On Monday June 15 the June 3 support levels were broken and the pull back started. The intraday lows on Wednesday June 17 were at DOW: 8,461, S&P 500: 903 and QQQQ: 35.45. Put option buying picked up sharply with more puts than calls on the CBOE on Tuesday and Wednesday and with the total number (on all option exchanges) of puts greater than the total number of calls on Wednesday which showed much too much pessimism too quickly. This was likely one of the reasons for the rally on Thursday and Friday. The question now is, is the cycle low in and is the pull back over? It is very likely that the short term cycle low came in on June 17. The lack of a larger and longer pull back so far (only 3-4 days so far) has been attributed to the buying by fund managers who missed the rally, are still under invested so will buy any pull back. The argument goes that these fund managers will be buying until the end of the quarter on June 30 to window dress their portfolios. It is thus possible that the market stays up at these levels (and rallies some what) and does not pull back sharply until all the window dressing is over at the end of the month. The cycle we have in early-mid July (which we originally thought would be a high and still could be) could thus end up being a low instead. The short term advance/decline oscillator got to a very oversold condition last week Wednesday but has now worked off some of that oversold condition. It will be interesting to see which way the market goes into our July cycle. We still expect more of a pull back either this week or in early July. Breaking the June 17 lows would be an indication that a larger pullback was in progress. On the other hand, the rally will continue as long as those lows hold. Below the May 15/21/26 lows there is support at the April 28 lows at DOW: 7,939, S&P 500: 847 and if these levels are broken then there is support at the April 7 lows at 7,750, S&P 500: 814 and QQQQ: 31.21. We still expect higher prices into our intermediate cycle in mid-August, whether we get a sharp pull back first or not. A pullback that breaks the support at DOW: 7,750 S&P 500: 814 and QQQQ: 31.21 would show market weakness much greater than we expect at this time. The parameters to watch are thus very clear and let the support and resistance levels govern your trading and your stops.

We are in a secular bear market that appears to be far from over and we expect lower prices later this year. However, every bear market has several good rallies that can last from a few weeks to a several months and are definitely worth playing. We are in one of those rallies (which could even be called a cyclical bull market in a secular bear market) now.

The support and resistance levels to watch now are: S&P 500: support is at 903, then 879, then 866, then 847, then 826 and then 814 while resistance is at 956 and then 1008 for the QQQQ: support is at 35.45, then 32.95, then 32.08, then 31.21, then 29.65, then 28.98 and then 27.7 while there is resistance at 37.23, then 38.00 and then 40.00 and for the DOW: support is at 8,461, then 8,220, then 8,099, then 7,939, then 7,791, then 7,759 and then 7,437 while there is resistance at 8,878 and then 9,026-9,088.

## VI. CYCLES

We had an intermediate-term cycle due in late February/early March (plus or minus a week) and the low came in on March 6/9. The next important cycle was due in late April/early May (plus or minus a week) and it came in on May 6/8. The cycle following that one was a short term cycle in mid/late May and a triple bottom low came in between May 15 and 26. The next short term cycle is due now in mid-June (plus or minus a few days) and it will be a low as we expected (it is possible the low came in already on June 17). An intermediate cycle is due in early/mid July and we have been expecting it to be a high, but there is the possibility that the current pull back extends into that cycle after an intervening rally thus making it a low. The cycle after the July cycle is an intermediate cycle in mid-August (plus or minus a week), which we expect to be a high.

## VII. FUNDAMENTAL NEWS

Nine of the ten S&P sectors finished in the red this week, led by Energy ( -6.5% ) Materials ( -6.4% ) and Industrials ( -5.6% ). Health Care ( + 2.1% ) was the only one in the black as that sector was substantially relieved in that Health Care Reform seemed a lot less onerous than expected.

Transportation stocks continued to trend lower. Among the Fab Five ( non-airline ) Transport stocks, Fed Ex ( FDX: \$ 51.45 ) – 2.94 or 5.4% issued disappointing fiscal QTR 1 guidance . United Parcel ( UPS: \$ 48.14 ) – 2.39 or 4.7%, Burlington Northern ( BNI: \$ 74.48 ) – 2.88 or 3.7%; Landstar Systems, a solid barometer of Mid-America, ( LSTR: \$ 35.37 ) fell 1.91 or 5.1%; Union Pacific ( UNP \$ 52.00 ) -2.36 or 4.3%: The DJ 20 Transport Index is off 317.38 points or 8.97% for the year. Transports remain a drag on the other averages as outlined in the market letter last week. We recommended buying the BNISP option and those who followed did well as half profits were taken with a substantial profit.

## ECONOMIC NEWS

Everyone is waiting for evidence the economy has not only bottomed, but may become positive in the not too distant future. The week opened on a lackluster note dampened by the NY Empire Manufacturing Index -9.41 undoubtedly much worse than expectations. Capacity Utilization for May was also very bleak down to a record low 68.3%. Industrial Production fell accordingly -1.1% more than double April's -0.5%, which was revised higher to -0.7%. Manufacturing Output was the biggest drag down 1.0% in May following a 0.6% decline in April. The output of mines fell 2.1%, while the output of utilities fell 1.4%. Business Equipment fell 1.4% and is more than 16% below year-ago-levels. The outlook for manufacturing and industrial production has worsened.

Industrial Production is down 13.4% in a year. The weakness in global economies has taken much of the export support away and any further strength in the dollar will have a negative impact.

Leading Economic Indicators surged 1.2%, a welcome relief, and the Philadelphia Fed Report was huge, minus just -2.2% when -17.0% was expected. This ignited a sharp rally. However, when traders digested the Coincident Indicators related to the Lagging Indicators, the rally lost steam.

## VIII. LEGAL DISCLOSURE

### **Rule 17B requires disclosure of payment for investor relations**

Princeton Research has received about \$ 2,500 per month from MTBR with asterisk. MTBR is reviewing a contract which would pay \$ 2,500 per month plus some restricted shares. The main principal of Princeton Research has obtained his own shares amounting to 2,500,000 shares.

Princeton Research has received 550,000 restricted shares from BCLE in exchange for investor relations services.

## IX. CONTACT

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