

**September 7, 2015  
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))  
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**Where To Invest In 2015 Newsletter Covering:**

**Where to Invest September 2015  
Best Stocks To Buy September 2015  
Stock Market Investing Strategies  
Stock Options Trade Alerts  
Options Trading Strategies  
How To Trade Options**

**Net Gain Last Week \$ 6**

**2015 YTD Profits \$ 7511  
Over 75% Returns**

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

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## **Charles Moskowitz Discussion**

We have 1 open long position:

AAPL September 106 Puts

**Funds in Use \$ 620**

Week 36 can be summed up in very short order, boring without much action for us and the most minor of gains (\$6). YTD now stands at \$7,511 with only one position in YRCW puts (paid \$1.55 closed \$245) using \$620.

We had both a 100% Up rule liquidation on Tuesday followed by a 50% Down rule trade both in AAPL. Unfortunately we didn't need the upside balance of the SPY calls and also got stopped out on a 50% Down also. I didn't make any late week trades with the exception of a counter-trend play in AMBA in the \$100,000 account since it is not particularly a market participant, was dramatically oversold, and I believe it had a reversal day on Friday. The options account could not participate since the options are not only overpriced but also have zero liquidity.

There was nothing of note on any of the Sunday morning show with the exception of the presidential candidates new polling results. Like Xmas ads in October, I think it's a little early for this traveling circus have much meaning yet. The only other issue discussed was the horrendous refugee problems in Europe. Not an easy one to solve, but the distances traveled from Africa and Syria by these families is amazing to me. The lack of EU participation and aid is appalling.

As far as the market goes, while we *might* have seen a bottom on Monday 8/24, I'm not so sure we have seen *the* bottom. If you have followed this letter and commentary over the past 5 years or so, you would note that whenever we get this kind of "vertical" action, we need to see some "horizontal" action to define risk/reward parameters. This means that we might not take advantage of all the bounces and reversals but we do slow down and watch as things develop.

...CAM

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

New Trades

1) Buy 8 CWST December \$ 5 Calls @ \$ 0.95 O.B.

DATE	TRADES	PRICE	COST	PROCEEDS	RESULTS
09/03	Sold 2 SPY Sept 202 Calls	0.96		192	194 Loss
09/02	Sold 2 AAPL Sept 4 <sup>th</sup> 106 Puts ( 50% Loss Rule )	0.50		100	100 Loss
09/01	Sold 3 AAPL Sept 4 <sup>th</sup> 106 Puts ( 100% Profit Rule )	2.00		600	300 Gain
08/31	Bought 4 YRWC Sept 17.50 Puts	1.55	310		
08/31	Bought 2 Sept 202 Calls	1.93	386		
08/27	Bought 5 AAPL Sept 4 <sup>th</sup> 106 Puts	1.00	500		

**Remember, these trades are based on your participation in the  
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Previous closed out trades not listed here may be seen in previous market letters in the [VIP Subscribers Members Area.](#)

### MARKET LABORATORY – WEEKLY CHANGES

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

<b>Dow</b> 16,102.38 -540.63 -3.25%	<b>Nasdaq</b> 4683.92 -144.41 -2.99%	<b>S&amp;P 500</b> 1921.22 -67.65 -3.40%	<b>Transportation</b> 7793.83 -114.83 -1.45%	<b>Russell 2000</b> 1136.17 -26.75 -2.63%	<b>Nasdaq100</b> 4184.72 -144.40 -3.34%
<b>Gold (spot)</b> 1120.60 -12.50 -1.1%	<b>Silver</b> 1454.9 +1.4 +0.1%	<b>Crude</b> 46.05 +0.83 -1.8%	<b>Heating Oil</b> 159.60 +0.49 +0.3%	<b>Unleaded Gas</b> 1.4182 +0.0211 +1.5%	<b>Natural Gas</b> 2.655 -0.060 -2.2%

VIX 27.80 +1.75 +6.7%	Put/Call Ratios S&P 100 93/100's -59/100's	Put/Call Ratios CBOE Equity 78/100's -6/100's	Bonds 157-00+ 1-01 2.89% -0.02%	10 Yr. Note 128-07+12 2.13%-.03%	Copper 231.20 -3.40 -1.5%
CRB Inflation Index 196.70 -0.40 -0.2%	Barron's* Confidence 77.7 +0.2%	S&P100 844.77 -30.81 -3.52%	5 Yr. Note 120-02 +092 1.46% -0.05%	Dollar 96.22 +0.11 +0.1%	DJ Utilities 541.97 -30.24 -5.28%
AAll Confidence Index	Bullish 32.4 % -0.1%	Bearish 31.7% -6.6%	Neutral 35.9% +6.7%	M1 Money Supply +9.03% Aug 24 <sup>th</sup>	M-2 Money Supply +6.07% Aug 24 <sup>th</sup>

\* 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.

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### **Market Strategies Technical Information**

Support/Resistance Levels:	SUPPORT	RESISTANCE
S&P 500	1888	1.978
Dow	15,840	16,580
QQQ	99.40	104 00
Transports	7600	7970
NASDAQ	4570	4750

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

New Stock Recommendations \$ 100,000

( 1 ) Buy 1500 NUGT @ \$ 2.77 ( Or Better ) If filled use stop @ \$ 2.56

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)
AMBA 80	74.14	09/04	68.98		
MOS 100	43.55	08/14			
SNSS 1200	2.95	06/26	0.98		
DSX 500	7.05	05/18			
CRM 100	72.90	04/29	66.25		
GILD 50	102.73	03/03	100.45		
ARRY 500	8.02	02/24	5.12		
NAT 300 Sold 200	10.16	02/13		14.40 06/25	\$ 848
NBG 600	1.40	02/17			
BAC. Wts 5,000 lots	0.7411	12/26			
BSBR 500	4.84	12/18			
SAN 600	8.40	12/16			
AA 500	14.21	10/16			
FCX 150	34.99	09/09	7.75		
NBG 300	2.95	05/19			
RPTP 200 Sold 200	15.37	01/16		16.09 06/25	\$ 144
NBG 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 16 CWST December \$ 5 Calls @ \$ 0.95 ( Or Better )**

There were two closed long option positions:

The SPY September 9<sup>h</sup> 202 Calls were stopped out on the 50% rule for a loss of \$ 388.

The Apple September 4th 106 Puts were mostly profitable making \$ 250.

The result in options trading was a loss of \$ 138.

There were no closed out stock positions.

For the year to date we have gains of \$ 22,060.

Open position losses increased to \$ 16,496.

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

### **The Stock table has the following 18 positions:**

**AA, AMBA, ARRY, BAC.B.WS, BSBR, CRM, DSX, FCX,  
GILD, MOS, NAT NBG (3), REPR, RPTP, SAN, SNSS, TEXQY**

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 \$ 68,403 for the 19 open stock positions. There is one long option position requiring \$ 1,240 totaling \$ 69,643 leaving \$ 30,357.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, Blue Capital Reinsurance which was sold for a profit and many others.

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)
AAPLSept4th 106 10 lots	Puts 1.00	08/27/2015	2.00 ( 100% Profit Rule Sold Half )	09/01/2015	\$ 500
			1.00 ( 50% Loss Rule Sold Balance	09/02 2015	( \$ 250 )
YRCW Sept 17.50 8 lots	Calls 1.55	08/31/2015			
SPY Sept 202 4 lots	Calls 1.93	08/31/2015	0.96 ( 50% Loss Rule	09/03/2015	( \$ 388 )

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

<b>MONDAY</b>	<p>Labor Day Markets are Closed in U.S. and Canada</p> <p>China reports on August foreign exchange reserves, with Nomura estimating a record drop of \$ 151 billion from central bank intervention to limit depreciation of the renmindi.</p>
<b>TUESDAY</b>	<p>Yingli Green Energy YGE ( -0.22 vs -0.25 )</p> <p>The Small Business Optimism Index for August is released</p> <p>Congress is back in session. The Iran nuclear accord will be dabated.</p> <p>China reports trade data for August. Both exports and imports are expected to fall.</p> <p>15:00 hrs Consumer Credit ( \$ 18.0 Bln vs \$ 20.7 Bln )</p> <p><b>Casey's General CASY ( 1.39 vs 1.34 ) Men's Wearhouse ( 1.05 vs 1.10 )</b></p>
<b>WEDNESDAY</b>	<p>Barnes Noble BKS ( 0.12 vs -0.56 ) HD Supply Holdings ( HDS 0.56 vs 0.51 )</p> <p>National Oilwell Varco NOV ( 0.59 vs 1.61 ) Titan Machinery TITN ( -0.05 vs 0.04 )</p> <p>Apple is hosting a media event, at which it typically demonstrates a new product, although they haven't stated what it will be.</p> <p>07:00 hrs MBA Mortgage Index 09/05 ( NA vs + 11.3% )</p> <p>10:00 hrs JOLTS-Job Openings July NA vs 5.249 Mln )</p> <p>Krispy Kreme KKD ( 0.19 vs 0.13 ) Sigma Designs SIGM ( 0.06 vs -0.06 )</p> <p>Box Inc BOX ( -0.29 ) Investors Real Est Trust IRET ( 0.15 vs 0.14 ) Palo Alto Networks PANW (0.25 vs 0.11 ) Quicksilver ZQK ( -0.18 vs -0.20 )</p>
<b>THURSDAY</b>	<p>Lululemon athletica LULU ( 0.33 vs 0.33 ) Netsol NTWK ( -0.15 vs -0.79 )</p> <p>08:30 hrs Initial Claims 09/05 ( 275K vs 282K )</p> <p>08:30 hrs Continuing Claims 08/29 ( 2257K vs 2257K )</p> <p>08:30 hrs Export Prices ex-ag Aug ( NA vs -0.4% )</p> <p style="padding-left: 40px;">Import Prices ex-oil Aug ( NA vs -0.3% )</p> <p>10:00 hrs Wholesale Inventories July ( 0.3% vs 0.9% )</p> <p>10:30 hrs Natural Gas Inventories 09/05 ( NA vs 94bcf )</p> <p>11:00 hrs Crude Inventories 09/05 ( NA vs + 4.670 Mln Bbls )</p> <p><b>Restoration Hardware RH ( 0.84 vs 0.67 ) Dominion Diamonds DDC ( 0.11 vs 0.31 )</b></p>
<b>FRIDAY</b>	<p><b>Kroger KR ( 0.39 vs 0.70 ) Mattress Firm MFRM ( 0.72 vs 0.61 )</b></p> <p>08:30 hrs PPI Aug ( -0.1% vs 0.2% )</p> <p style="padding-left: 40px;">CORE PPI ( 0.1% vs 0.3% )</p> <p>10:00 hrs Michigan Sentiment Sep ( 91.5 vs 91.9 )</p> <p>14:00 hrs Treasury Budget Aug ( NA vs -\$ 128.7Bln )</p> <p>The 14<sup>th</sup> anniversary of the terrorist attacks on the World Trade Center and the Pentagon.</p>

## Market Strategies Fundamentals

The S&P 500 led all indexes lower last week losing 67.65 points or 3.40% to 1,921.22. The Dow Jones fell 541 points or 3.25% to 16,102.38. The Nasdaq index fell 144 points or 2.99% to 4,683.92. while the Russell 2000 lost 26.75 points or 2.63% to 1136.17. The DJ Transportation Index was by far the best index losing just 114.83 points or 1.45%.

Stocks are in a solid downtrend led by heavy selling Mondays and Fridays which put stocks in solid retreat. The feeling among traders is that the Fed is on course to raise rates and just like the advent into lower rates several years ago bolstered the bullish case, now, the fear of Fed tightening is putting the bear in charge. There is one thing and one thing only that should be paramount on investors' minds as the market enters a very weak seasonal period. Will the August lows that were just posted hold? A significant breach of these lows would make it difficult if not impossible for the market to reverse course from the Dow Theory Sell signal.

The worst scenario for the bulls is that a retest brings about new significant lows below 1867. That would force the issue and acknowledge the Dow Theory "sell signal" of August 24, 2015.



Moving averages are lagging indicators by the nature of their construction. In other words, the patterns traced out in the moving averages follow the price of an index or stock. When the death cross is triggered then, it is likely most of the price decline in the index or stock has already occurred. Again, the exception is around recessionary economic periods. It is logical that, the US economy continues its slow growth pace and does not dip into recession.

While worries that a slowing China may pull down the rest of the world is on the minds of investors, the key variable going forward will be the US economy's ability to support global growth and earnings. In that vein, it's difficult to see how a slowdown in Chinese growth would have any significant impact on the ongoing US expansion given that exports to China make up less than 1% of US GDP. The refusal of stocks to rally on excellent data that was recently reported, is striking. Despite the huge record auto sales figures reported, Ford (F, -1.08%), GM (-2.72%), Fiat-Chrysler (ADR FCAU, -3.40%), Toyota (TM, -3.41%), AutoZone (AZO, -0.23%), etc. all got hit despite their direct exposure to the market.

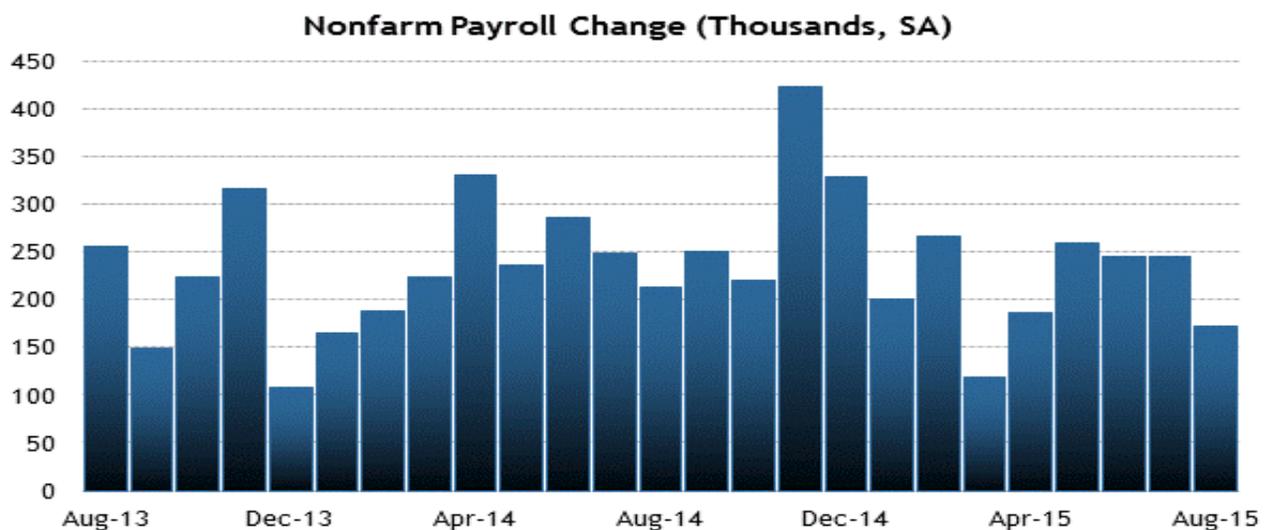
## Market Strategies Economic Data

The August Employment Report showed 173K nonfarm jobs added to the U.S. economy in August, well short of the Briefing.com consensus of 217K. However, both the June and July numbers were revised substantially higher adding more than 44,000 new jobs.

Hourly Earnings jumped 0.3% well above the expectations of + 0.2% and the Unemployment Rate fell to 5.1% below the consensus of 5.2%. Employment, Wages and Productivity are all rising together. The Average Workweek expanded to 34.6 hours from 34.5.

Private payrolls increased by only 140,000 in August, down from an upwardly revised 224,000 (from 210,000) in July. The consensus expected private payrolls to increase by 210,000. Labor force participation was flat between August and July, which means the decrease in the unemployment rate was the result of job growth and not from discouraged workers.

In all, aggregate earnings increased a solid 0.7% in August, up from a 0.4% gain in July. That is the number the Fed is going to focus on when it decides on whether or not to raise rates at the September meeting. A 0.7% gain implies a strong acceleration in consumption growth - possibly already indicated by the huge gain in August auto sales - and also augurs for some inflation pressures.



Source: Bureau of Labor Statistics; updated 09/04/15

Briefing.com

Another solid, yet unspectacular, jobs report puts the onus on the Fed to raise rates at the September meeting at a time when Europe is lowering interest rates and China is devaluing..

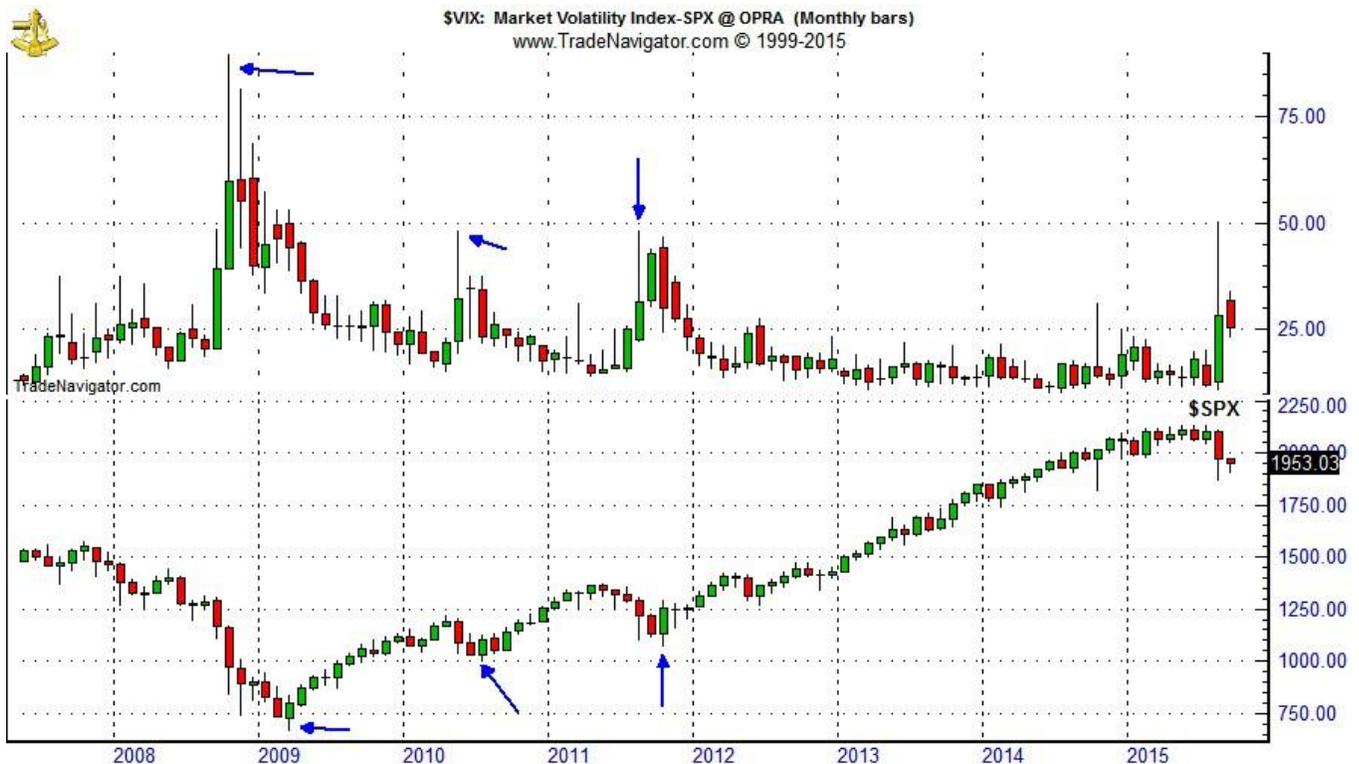
Category	AUG	JUL	JUN	MAY	APR
<b>Establishment Survey</b>					
Nonfarm Payrolls	173K	245K	245K	260K	187K
Goods-Producing	-24K	13K	-3K	-2K	16K
Construction	3K	7K	1K	12K	30K
Manufacturing	-17K	12K	1K	6K	0K
Service-Providing	164K	211K	221K	254K	173K
Retail Trade	11K	32K	36K	33K	11K
Financial	19K	21K	21K	9K	7K
Business	33K	39K	68K	68K	66K
Temporary help	11K	-9K	20K	9K	11K
Education/Health	62K	53K	61K	57K	54K
Leisure/Hospitality	33K	30K	19K	56K	8K
Government	33K	21K	27K	8K	-2K
Average Workweek	34.6	34.5	34.5	34.5	34.5
Production Workweek	33.7	33.7	33.7	33.6	33.6
Factory Overtime	4.3	4.3	4.4	4.3	4.3
Aggregate Hours Index	0.4%	0.2%	0.2%	0.2%	0.1%
Avg Hourly Earnings	0.3%	0.2%	0.0%	0.2%	0.2%
<b>Household Survey</b>					
Civilian Unemp. Rate	5.1%	5.3%	5.3%	5.5%	5.4%
Civilian Labor Force	-41K	69K	-432K	397K	166K
Civilian Employed	196K	101K	-56K	272K	192K
Civilian Unemployed	-237K	-33K	-375K	125K	-26K

## **Market Strategies Cycles**

The market's wild ride since the middle of August has held the CBOE Volatility index (VIX) above 25 for 10 straight trading sessions. It initially spiked above 40 on August 24<sup>th</sup>. Historically, when VIX has spiked, the market was at or very near a bottom. Past spikes were representative of extreme levels of fear and panic that were typically only seen at major bottoms. But, in the chart below showing the monthly bars of the VIX. The S&P 500 this has not been in this situation since financial crisis struck the markets in 2008. At the height of the financial crisis, the VIX nearly reached 90 during the week ending October 24, 2008, but the market did not find bottom until nearly five months later on March 9, 2009 when the VIX had retreated into the 50's (still elevated). The May 6, 2010 "flash crash" pushed VIX to 48.20 during the week ending May 21, 2010, but the S&P 500 did not reach bottom until July 2,

2010. Then again in 2011, VIX spiked to 48 in August and the market did not bottom until early October when VIX had modestly retreated.

An exact explanation as to why the correlation between VIX and the market has changed is elusive, but it could be the result of the increase in high frequency trading and trend following. Although there have only been a few examples in recent history to draw conclusions from, it is quite likely that this trend will persist and either this is the final bottom or this market correction may be several weeks to a month or more in the future (late September, October or even early November).



On Monday, August 24th, investors witnessed a 1,100-point intra-day Dow plunge that ended the day down nearly 600 points, followed up by a 200-point loss on August 25th. On Wednesday, August 26th, the Dow closed up over 600 points but remained 13% below all-time highs.

The VIX spiked to 53 on August 24th and finished August 26th at 30, which is just below the October 2014 spike to 31 during the last market selloff. The VIX needs to head below 25 and settle somewhere between 14 and 25 over the coming weeks for the market to regain confidence and stabilize. The UVXY which is a multiple of volatility surged all the way from an upside break-out August 19<sup>th</sup> at 26.80 to a high of 91.25 September 1<sup>st</sup>, thereafter declining to 60.25 but closing at 78.42. The market fears an interest rate hike amidst the sea of international deflation.

Over the past week (August 27th to September 4th), the broader market has produced some large daily price changes, but they have lacked velocity and volatility that occurred during the prior week. Overall, we still remain 11% below 52-week highs and just under 3% off the bottom

on the S&P reached on August 24th. The VIX has been fluctuating between 24 and 34 over the past week and remains well below its high of 53 during the Monday meltdown on August 24th.

Deflationary pressures are dominant everywhere and should be an impediment to the Fed in their jawboning to raise interest rates. The productivity gains of the past few months should be rewarded with more of a supply of money. Regulations need to be relaxed and rules such as a new homeowner needing to show a 20% surplus in income over expenses should be eliminated.

One of the issues with this market and its over-regulation that no one seems to be able to get a handle on is the environment that Dodd-Frank has fostered within the banks/brokerage business. The market seems to have found the *path of least resistance* to be to the downside, but this may be an over-simplification. In fact, now that firms cannot hold positions of their own, the liquidity in both directions has shrunken dramatically. You don't get a Dow down almost 1,100 points out of nowhere, regardless of overnight news if the banks and brokers can participate...The sharpness of the declines (and also rallies) with the lack of attendant volume is a symptom of a lack of participation, not necessarily values.

The actions of the market are unprecedented in a pre-election year. IT shows that none of the candidates are touching on economics because they know little about it. Ben Bernanke in his famous 2002 helicopter speech said, "the sources of deflation are not a mystery. Deflation is in almost all cases a side effect of a collapse in aggregate demand—a drop in spending so severe that producers must cut prices on an ongoing basis in order to find buyers." We are not in that set of circumstances presently.

Near term, we are looking for the S&P to recapture the 2,000 level and hold above 1,900. A break below 1,900 on the S&P and we could likely retest August 24th lows of 1,867. A break above 2,000 and the S&P may quickly recapture 2,040 level, which was a key support level over the last 5 months and will likely provide resistance if we move upward. I'm currently in the camp that the worst is behind us and calmer waters, friendlier waters are ahead.

# SEPTEMBER 2015

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

**Start:** Consumer (L), Oil (S)

**In Play:** Biotech (L), High-Tech (L), Semiconductor (S),

Utilities (L), Cyclical (S), Materials (S), Gold & Silver (L), Transports (S)

**Finish:** None

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT	SUN
	<b>1</b>  <b>Average September Gains Last 21 Years:</b> <b>Dow: -0.5%</b> <b>Up 11 Down 10</b> <b>Rank #10</b> Construction Spending ISM Index Vehicle Sales	<b>2</b> <b>S&amp;P: -0.1%</b> <b>Up 12 Down 9</b> <b>Rank #9</b> Beige Book Factory Orders Productivity and Costs	<b>3</b> <b>NAS: 0.1%</b> <b>Up 12 Down 9</b> <b>Rank #11</b> Chain Store Sales Int'l Trade Deficit ISM Non-Mfg. Index	<b>4</b> ECRI Future Inflation Index Employment Rate	<b>5</b>	<b>6</b>
<b>7</b> <b>Labor Day</b> <b>(Market Closed)</b>	<b>8</b>  <b>Day After Labor Day,</b> <b>Dow Up 14 of Last 21</b> Consumer Credit	<b>9</b> 	<b>10</b>  Import/Export Prices Wholesale Trade	<b>11</b>   <b>In Memory</b> PPI Treasury Budget U Mich Consumer Sentiment	<b>12</b>	<b>13</b>
<b>14</b>  <b>Rosh Hashanah</b> <b>Monday of Triple</b> <b>Witching Week,</b> <b>Russell 2000 Down</b> <b>10 of Last 16</b>	<b>15</b> <b>Expiration Week 2001, Dow Lost 1370 Points (14.3%),</b> <b>2nd Worst Weekly Point Loss Ever, 5th Worst Week Overall</b> Business Inventories Industrial Production Retail Sales	<b>16</b> 	<b>17</b> FOMC Meeting Housing Starts Philadelphia Fed Survey SEMI Book to Bill Ratio	<b>18</b>  <b>Triple Witching Day,</b> <b>Dow Up 10 of Last 13</b> Leading Indicators	<b>19</b>	<b>20</b>
<b>21</b>  <b>End of September Prone to Weakness From End-of-Q3 Institutional Portfolio Restructuring</b> <b>Week After September Triple Witching Dow Down 20 of Last 25 Average Loss Since 1990, 1.2%</b> Existing Home Sales	<b>22</b> 	<b>23</b>  <b>Yom Kippur</b>	<b>24</b> Durable Goods New Home Sales	<b>25</b> GDP - Q2 Final U Mich Consumer Sentiment	<b>26</b>	<b>27</b>
<b>28</b>  Personal Income/Spending	<b>29</b>  Agricultural Prices Consumer Confidence	<b>30</b>  <b>Last Day of Q3</b> <b>Dow Down 13 of Last 17</b> ISM-Chicago	<b>*Tuesdays:</b> Weekly Chain Store Sales & Avg Hourly Earnings <b>*Wednesdays:</b> Oil & Gas Inventories <b>*Thursdays:</b> Weekly Unemployment Report, Weekly Mutual Fund Flows & Weekly Natural Gas Storage Report <b>*Fridays:</b> Weekly Leading Economic Index <b>*Except holidays</b>			
<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 1994-2014	 Bear symbol signifies an unfavorable day based on the S&P 500 Falling 60% or more of the time on a particular trading day 1994-2014			

## Undervalued Small Cap Stocks

**RMS Medical Systems, Inc ( REPR 0.34 )\*** . RMS Medical Products is a U.S. manufacturer of medical devices which maintains offices and manufacturing facilities in Chester, NY. They employ 60 people. For more than three decades, the company has been a leading innovator in the medical device industry in the development and production of proprietary devices and supplies. Principal products include the Freedom 60 Syringe Infusion System, RMS High-Flo Subcutaneous Safety Needle Sets and the RES-Q-VAC Medical Suctioning Pump. In addition to being regulated by the FDA which has the authority to approve medical devices for marketing in the U.S., RMS complies with ISO International standards for quality development and manufacturing. RMS Medical Products is a d/b/a of Repro-Med Systems, Inc which was founded in 1980.

The Freedom60 has a proprietary technology that makes it desirable for the delivery of medications in a variety of therapies. It is very popular for the delivery of subcutaneous immunoglobulin for the treatment of primary immune deficiency disease. The infusion pump uses “dynamic equilibrium” which safely adjusts the flow of medication in accordance with what the patient’s body can accept. This minimizes complications often encountered with other infusion systems which can lead to site reactions and discomfort for the patient. The portability and simple operation of the FREEDOM60 Improves quality of life for patients who otherwise might have to use a complicated electronic pump mounted to a cumbersome infusion pole. Patients then don’t have to be confined. RMS High-Flo Subcutaneous Safety Needle Sets are being welcomed by healthcare providers and patients alike for their consistently high quality. The infusion sets are an ideal companion for the company’s FREEDOM 60 pump, but can be used with any manufacturer’s infusion pump as well.

RES-Q-VAC is a hand-held suction pump used to clear a patient’s airway or for other purposes when reliable hospital quality suctioning is needed. It uses patented technology to protect users from airborne pathogens and spillage of suctioned material. It is used by emergency service personnel and other first responders, as well as in hospitals and other institutions. There also is a version for use by dentists. RES-Q-VAC is invaluable in the event of disasters where power is lost because it doesn’t require electricity.

The Freedom 60 Syringe Infusion System is a method for administering medication through a small needle to the subcutaneous tissue, which is the fatty tissue just under the skin. Subcutaneous infusion allows medication into the vascular system more slowly. Combined with more frequent delivery this provides more consistent and stable blood levels. The elimination of large swings in these levels decreases side effects improving overall quality of life. RMS provides High-Flo needles to optimize liquid flow. Their smaller 26 gauge high flow needle flows at the same rate as the considerably larger 24 gauge needles, which are considerably less painful when entering the skin.

The Freedom 60 has had great success in Europe reflected in a huge sales increase of 47.8% first quarter 2015 up from same quarter 2014.

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 needle sets alone 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, Inc. ( IMUN 0.23 ) \* Buy now. IMUN** Naltrexone is an opioid antagonist used primarily in the management of alcohol and opioid dependence; the FDA approved Naltrexone in 1984 at 50mg. However, in much lower doses there is “Accumulating evidence suggests LDN can promote health supporting immune-modulation, which reduces various oncogenic inflammatory autoimmune processes.

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 UCSF<sup>6</sup>. 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.

## HOW LDN WORKS

The mechanism of action of naltrexone, in autoimmune diseases and cancer, is still being researched, but there are theories as to the mechanism of action that both explain why LDN works on both autoimmune diseases and cancers, as well as inflammatory disease.

According to Mark J. Donahue’s paper on LDN that uses interviews from Dr. David, Gluck, Dr. Jacquelyn McCandless, Dr. Jarred Younger, and Dr. Ian Zagon:

“LDN is an opioid antagonist that not only blocks the reception of opiates, but also the body’s own endogenous opioids - endorphins. However, because LDN is administered in such a 'low dose' it is believed that LDN only briefly (for 3-4 hours) obstructs the effects of endorphins. Sensing an endorphin deficit, the hypothalamus signals for increased production of endorphins in what is called 'the rebound effect.' The rebound effect results in three things happening:

The study of immune cell glial interactions is in its infancy. Glial cells are the immune cells in your central nervous system (brain, spinal cord). They are very involved in dysregulation of pain systems, neuroinflammation, and some neurological diseases such as Multiple Sclerosis, Alzheimer’s, Parkinson’s disease, Autism, ALS, infections of the brain.

LDN has treated Crohn’s Disease, HIV/Aids, Multiple Sclerosis, Autism, Fibromyalgia, Prostate Cancer, Hepatoblastoma, Gastrointestinal Disorders, Melanoma, Gulf War Syndrome , based on clinical studies and patient data.

**Enzo Biochem ( ENZ 2.87 ) Bought at our price of \$ 2.78..** This turbulent market has had an effect on the price of Enzo Biochem. The markets, in my opinion, have been in a rotating correction and in

some instances, a bear market for some months. It appears that the cause of this is China but I am sure that there are other factors. If you remember the 'flash crash' of 2010 the market correction was over quickly and those that held through that market decline profited handsomely over the years after the crash. I think that the market is giving us another chance to buy Enzo Biochem at a bargain price. The Company's fiscal year was over July 31. I would imagine the Quarter and Year results will be made available by mid-October. With the cash settlement in two litigations the cash position should show a major improvement. Top line revenues should also show an improvement. Depending on R&D expenses and litigation expenses the net loss should also show improvement. At today's price of \$2.90 the Company is valued at approximately \$130 million and with revenues approaching \$100 million or 1.3 times revenues. The last Craig Hallum report had a fair value of Enzo's business of \$6 per share. When Ampiprobe is approved and into the market that number is projected at \$14 per share. There is always risk in the market so the investment is not without risk but if held over time should deliver handsome profits off of today's price. Items to look forward to by the end of the year would be litigation news and an Ampiprobe decision all of which should have a positive impact on the stock price.

### Stocks and ETF's bought over the past few weeks

In the August 10<sup>th</sup> market letter we recommended to buy the XRT at 92.10 which would have been filled on September 24<sup>th</sup>. We would have sold on the open last Monday at 93 for almost a \$ 300 profit. The low on the day was \$ 92.86. The HDGE has finally accelerated above 11.04 which is a bear signal and an opportunity to make money while the markets are plummeting.

We bought the HDGE @ 11.04. HDGE is the BEAR hedge. We were unable to buy Golar.

We bought Mosaic MOS and were stopped out at \$ 41.90 for a loss of \$ 110 plus commissions.

We were able to buy Southwest Air (LUV ) at 33 and Harley Davidson ( HOG ) at 54.

We bought Virgin Air ( VA ) at 32.20. Please check on the previous weekly market letters if there are questions. We are long in Diana Shipping at 6.60.

DSX is looking better and you should buy now if not already long .

We would buy Bank of America and continue to like the banking sector.

Symbol	Name	Business Description	PE	P/S	MV mln	Price	Buy Limit	Stop Loss Or sold
XRT	<b>SPDR S&amp;P Retail</b>	Retail Spider			1.0B	<b>92.20</b>	90.10	<b>Sell at Mkt</b>
VA	<b>Virgin Air</b>	Regional Airlines	7.2	1.0	1.5B	<b>33.52</b>	32.20	29.50
MOS	<b>Mosaic</b>	Fertilizer	14.6	1.70	15.68B	39.67	43.00	<b>41.90x</b>
OSIR	<b>Osirus Therapeutics</b>	Biotechnology	690	9.06	664M	<b>18.46</b>	18.90	<b>18.50 x Stopped out</b>

LUV	<b>Southwest Air</b>	Regional Airlines	16	1.15	22.6B	<b>37.23</b>	<b>33</b>	32.31sco
HOG	<b>Harley Davidson</b>	Consumer Goods	14	1.87	11.6B	<b>54.78</b>	<b>54</b>	52.39sco
ENZ	<b>Enzo Biochem</b>	Life Sciences	NA	1.35	134M	<b>2.86</b>	<b>2.78</b>	2.44x
BAC	Bank of America	Commercial Bank	10	2.02	165.3B	<b>15.65</b>	<b>16.45</b>	15.22x
HDGE	Advisor Shares	Ranger Bear ETF				<b>11.58</b>	<b>11.04 X</b>	11.00X
GLNG	Golar	Liquefied N.G. Hedging	NA	30.39	3.14B	39.44	32.44	30.50
DSX	Diana Shipping	Dry Cargo Shipping	N/A	3.7	611	<b>6.39</b>	<b>6.60</b>	5.90

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Princeton Research, Inc. has approximately 2,581,578 shares of AIVN both free and restricted and represents them for Investor relations. Princeton also has about 40,000 shares of TXGE. Princeton is paid \$ 1,500 per month from RMS Medical Products. Princeton has bought 81,100 shares of RMS Medical Products. Princeton was paid \$ 2,500 to write a report on Xinerdy. Princeton has signed a contract with CBLI to be paid \$ 2500 for July and August for investor relations. Princeton has been engaged by Target Energy. No contract is currently in place. Princeton was paid about 500,000 restricted shares of Leo Motors.

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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