

Bill Gunderson's Weekly "Best Stocks Now" Newsletter

Straightforward, honest research for successful people...

January 13, 2012

Bill Gunderson-President and Founder of Gunderson Capital Mgt. Inc.



Click [here](#) to hear Bill Gunderson on Fox Biz last week talking about Tractor Supply and Ruger.

Small-caps and technology stocks led the market again this past week. Biotech stocks have been on fire as have healthcare stocks. I wrote an [article](#) on Seeking Alpha this past week with my reasoning behind these moves. Whether you are for or against Obamacare, it appears that the market believes that it is in trouble. Not only is the Supreme Court of the land going to examine it, but every GOP candidate has vowed to repeal it.

The market is very much forward looking, and investors try to position themselves early. The move in the biotech and healthcare stocks is evidence of investors positioning themselves now, for what they believe is to come at a later date. Check out the chart on the exchange traded fund (ETF) that follows the NASDAQ Biotechnology index-(IBB).



Note the nice new breakout to 52-week highs in the index.

Now take a look at a leading managed-care health stock:



Humana (HUM) is just one of many healthcare stocks that are breaking out to new 52-week highs right now.

A few technology stocks like Faro (FARO) are beginning to break-out, but there is just not enough action yet to get really excited about them.



Google (GOOG) broke out a week ago, only to pull-back to its breakout point this week.



Meanwhile, the many of the energy stocks were threatening to breakout until Europe said on Thursday that they would not support an oil boycott against Iran at the current time. Many of the most interesting looking oil stocks pulled back on the news as did oil prices.



I had my eye on Lufkin (LUFK) until the news out of Europe broke.

Here is how we finished the week:

	Fri. 1/6/12	Fri. 1/13/12	Week	Week Pct.
	CLOSE	CLOSE	Change	Change
S&P500	1277.81	1286.11	8.30	0.65%
DJIA	12,359.92	12,386.94	27.02	0.22%
NASD	2674.22	2707.08	32.86	1.23%
S&P600 (Small)	420.18	426.76	6.58	1.57%
10yr Bd.	1.96%	1.85%	-0.11%	-5.61%
Oil	101.93	99.01	-2.92	-2.86%
Gold	1617.40	1636.90	19.50	1.21%

As you can see, as mentioned above, the NASDAQ and the small-caps led the way again this week. I truly believe that the more aggressive stocks like tech stock, biotech stocks, small-caps etc. will lead the way in 2012. I just do not see the big, dividend payers repeating as leaders again this year.

Here is where we currently stand in the market overall, after just two week of action:

	12/31/11	Fri. 1/13/12	2012	YTD Pct.
	Value	Close	YTD	Change
S&P500	1260.37	1286.11	25.74	2.04%
DJIA	12,239.74	12,386.94	147.20	1.20%
NASD	2610.68	2707.08	96.40	3.69%
S&P600 (Small)	415.07	426.76	11.69	2.82%
10yr Bd.	1.87%	1.85%	-0.02%	-1.07%
Oil	98.87	99.01	0.14	0.14%
Gold	1565.90	1636.90	71.00	4.53%

So far, everyone is happy: bond traders, stock traders, and gold bugs. Gold is up 4.53% so far this year, but I remain cautious on the precious metal. Here is a three-year chart of gold that clearly shows that break in its long-term trend-line.



Our markets have de-coupled just a bit from Europe, but the Euro (FXE) and the U.S. Dollar continue to be major drivers of the bus. Here is a current look at a two-year chart of the Euro:



This is one ugly chart! Notice however, that the Euro is approaching long-term support in the \$120 area.

It was not a good week at all for economic reports on the U.S. economy. After Alcoa (AA) gave fairly upbeat guidance on Monday, we received a very bad initial jobless claims report on Thursday, along with an anemic retail sales report. This is not good for the incumbents. They need to turn things around in a hurry.

We will have a very busy week of earnings reports this week:

Tuesday-Citigroup, Well Fargo

Wednesday-Ebay, Fastenal, Goldman Sachs, Kinder Morgan,

Thursday-AMD, Bank of America, Google, Intel, IBM, Microsoft, Union Pacific

Friday-GE, Schlumberger

As you can see, Thursday should be real interesting. Only two companies of any consequence reported earnings this past week. Alcoa exceeded estimates, while J P Morgan disappointed investors.

Here is what a current chart of the S&P 500 looks like:



We remain in an ascending triangle, which can turn quite bullish once it blows its lid off. I remain BULLISH on the U.S. Equities markets.



Bill Gunderson's Model Portfolio for Conservative Growth Investors:

This model is made up of the mostly mid-cap and large cap companies that I consider to be suitable for investors who have a conservative risk profile, but still want growth.

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Bill Gunderson's Model Portfolio for investors seeking Income along with the possibility of Growth.

This model is my most conservative model. It is designed for risk-averse investors that want income first and growth second. Income producing investments have proven themselves over time to be much less volatile than pure growth investments. If you look back at the year 2008, when the overall market was down 38.5%, income producers held up much better.

I do like some growth with my income, however. I have written several articles on this subject recently. Here is [one](#) that I wrote for Seeking Alpha. I just don't see where bond investors are going to get any growth going forward.

The list below contains the best examples of such stocks that I can find in the market right now. I am making now changes to this portfolio this week.

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It should be noted that the average yield of this portfolio is 6.8%. This compares with a ten year U.S. treasury at a current rate of 1.8%, CD's offering next to nothing, and corporate bonds offering about 5.0% with very little chance of growth. There is more risk in investing in a portfolio like this, but the reward potential is greater.

The dividend payers are off to a slow start in 2012, after leading the market in 2011.

Bill Gunderson's Model Portfolio for Investors seeking AGGRESSIVE Growth

This is my most aggressive portfolio. It is designed for investors with long-term time horizons seeking maximum growth. This portfolio is mainly made up of small and mid-cap stocks with superior growth potential. This portfolio is much more volatile

than the Conservative Portfolio and the Income Portfolio. This portfolio also has more risk than the aforementioned ones.

I still feel like aggressive growth can be the best place to be this year as it had a lousy year in 2011. I am seeing green shoots all over the place in the aggressive arena. I am making no changes to this portfolio this week.

Bill Gunderson's Featured Stock of the Week 1/13/2012

I currently have about 2,700 in my database. Every day when I am done doing my radio show, I spend several hours looking at them. I especially focus in on the ones I own and the "A" rated stocks.

My proprietary grading system consists of Value, Performance, and Safety. I like stocks that have performed much better than the rest and still offer good value. I spent years developing this grading system and I am thrilled with the results!

This week's pick:

1. Description

Celgene Corp	
Sector	Drug
Market Cap	31,990,000,000
Size	Large-Cap
Risk Profile	Conservative
Valuation 01/11/12	
Last Closing Price	\$72.07
Last Change	1.81
Next Yr EPS Est	\$4.57
Forward PE Ratio	15.77

2. Valuation

Valuation 01/11/12	
Last Closing Price	\$72.07
Last Change	1.81
Next Yr EPS Est	\$4.57
Forward PE Ratio	15.77
Est 5Yr Annual Gr	24.28%
5Year Target Price	\$121.94
Dividend Yield	0.00%
5Yr Tot Ret Pot	69.2%
Gunderson Value Grade	

3. Performance

AT&T 9:41 AM 25%

Search celg

Performance of celg vs S&P 500		
1 Mo Total Return	2.6%	-0.5%
3 Mo Total Return	11.6%	2.0%
12 Mo Total Return	24.3%	0.4%
Momentum Grade	B-	C
3 Yr Avg Tot Ret	12.8%	13.9%
5 Yr Avg Tot Ret	5.2%	-2.1%
10 Yr Avg Tot Ret	25.9%	1.2%
Performance Grade	B	C
2008 Total Return	19.6%	-38.5%
Safety Grade	B+	C

Best Stocks Sectors Dow Search

4. Overall Grade

AT&T 9:48 AM 28%

Search celg

Gunderson Stock Grade

B

Overall Ranking: 255 / 2674

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Best Stocks Sectors Dow Search

Data from Bill Gunderson's best Stocks Now App

Celgene (CELG) develops therapies to treat cancer immune-inflammatory related diseases by regulating cells, genes and proteins. The company has been profitable for the last ten years and currently has sales of just over \$4 billion. The company has many products in pipeline. Here is the [article](#) that I wrote about Celgene earlier this week. Pay special attention to the very favorable comments about the company after the article.

Celgene has been a great performer over the years and it is currently breaking out along with many other Biotech stocks. It should be noted that Celgene is currently only a grade of "B" in my grading system. There currently are not any A's to choose from and I am going to be raising my target price for the stock this weekend.



Previously featured stocks: (As of 1/13/2012)

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I have been featuring stocks in my newsletter for over five years now. The average featured stock of the week has beaten the S & P 500 by 21.5%. The list above is the current active list. The stocks that have been deleted from this list are listed later in the newsletter.



Global Markets as of 1/13/2012

		<u>2011 ytd</u>
Brazil	EWZ	7.7%
India	INP	6.8%
China	FXI	6.4%
Chile	CH	5.8%
Canada	EWC	5.3%
Emerging Mkts.	ADRE	5.2%
Peru	EPU	4.9%
Russia	RSX	3.8%
Mexico	EWX	3.0%
Europe	EFA	2.6%
Japan	EWJ	1.1%
Thailand	THD	-1.5%
Vietnam	VNM	-3.4%

I am finally seeing some signs of life from the international markets. Brazil, India, and China, are actually off to a decent start here in 2012. Something to keep your eye on.



Commodities as of 1/13/2012

		<u>2011 YTD</u>
Steel	SLX	8.4%
Silver	SLV	7.0%
Copper	JJC	6.7%
Gold	GLD	4.8%
Cotton	BAL	4.7%
Coal	KOL	3.8%
Oil	USO	0.1%
Grains	JJG	-6.5%

Commodities are also off to a good start in 2012. This is a good sign for the overall market. It is good to see copper up 6.7% so far this year. Copper is good indicator of the overall global economy. It is also good to see the steel stocks starting to rebound after a miserable year last year.

Bill Gunderson's Current Basic Recommended 401-k Allocation

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WORST STOCKS NOW! Short Ideas

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Shorting stocks is merely the practice of borrowing and selling a stock today and selling at a later date. Borrowing and buying First Solar on May 27, 2011 at its then price of \$121.37 has netted a profit of 67.1% so far! Buying puts is also a good way to go. Sears got absolutely hammered earlier this week. I saw that one coming from a mile away!

These are the stocks that I have deleted from my Conservative Model Portfolio so far this year.

These are the stocks that I have deleted from my INCOME Model Portfolio so far this year.

These are the stocks that I have eliminated from my Aggressive Portfolio this year:

If you are looking for a good CPA to do some tax-planning or financial planning, give Randy Goodsell a call. Randy has been my CPA for many years. Randy is a frequent guest on my daily radio show. Randy can be reached at (619)238-4343. His website is <http://www.goodsellcpa.com>

Scott Voak, our show's Real Estate expert continues to find double-digit returns on income properties all throughout San Diego. You can reach Scott at (888)311-6311. Scott's website is <http://www.voakhomes.com> covered a lot of interesting topics on my daily radio this past week. To listen to the archives, you can visit <http://www.pwstreet.com/radio-show-archives>

I also noted several stocks that looked very good this past week on my website <http://www.pwstreet.com/stocks-of-the-day/>

To download my Best Stocks Now App, visit the Apple Store

<http://itunes.apple.com/us/app/best-stocks-now-lite/id438336421?mt=8>

We are working really hard to try to get the Android version of the app ready by Thanksgiving and the PC version ready by the end of the year.

I wrote several articles for on individual stocks this past week. Visit <http://www.seekingalpha.com> to read them.

To order my book BEST STOCKS NOW-Click Here:

<http://pwstreet.com/book/>

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