

# Bill Gunderson's Weekly "Best Stocks Now" Newsletter

*Straightforward, honest research for successful people...*

February 10, 2012



*Bill Gunderson debating Frederic Rolando, the national president of letter carriers. He is the one with angry looking face. He rebutted my scathing op-ed [piece](#) in the Union Tribune. In his [rebuttal](#), he made the outrageous claim that the post office is actually profitable! I see the post office lost another \$3.5 billion over the last quarter. No wonder he looks so grumpy...*

The full-blown rally in the market that we have started the year with has been put on hold for now. The five week win streak is over. I warned last week that we were hitting stiff resistance in the markets and that we were overdue for a pullback.

Here is how the markets fared for the week:

	<b>Fri. 2/3/12</b>	<b>Fri. 2/10/12</b>	<b>Week</b>	<b>Week Pct.</b>
	<b>CLOSE</b>	<b>10:00AM</b>	<b>Change</b>	<b>Change</b>
S&P500	1342.50	1341.59	-0.91	-0.07%
DJIA	12,838.58	12,771.00	-67.58	-0.53%
NASD	2902.97	2907.89	4.92	0.17%
S&P600 (Small)	463.73	454.42	-9.31	-2.01%
Emg. Mkts (ADRE)	43.86	42.92	-0.94	-2.14%
10yr Bd.	1.95%	1.98%	0.03%	1.54%
Oil	97.70	98.41	0.71	0.73%
Gold	1727.50	1722.00	-5.50	-0.32%

As you can see, we really have not had very much profit-taking set in as of yet, we may a bit further to go first. Here is what a current chart of the Dow looks like:



The DJIA continues to bump its head on resistance, but I expect it to eventually break out to new highs. I still look for the Dow to underperform the S & P 500, the Nasdaq, and the Small-Cap Russell 2000 this year. Many of those big dividend payers in the Dow are just too expensive and overdone right now.

Here is what the S & P 500 currently looks like:



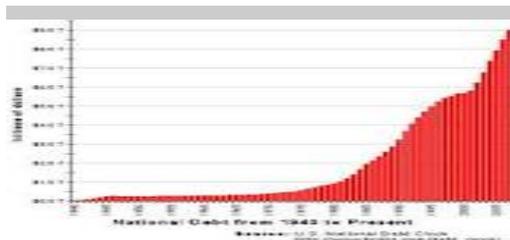
It too is currently running into resistance. Now, here is a chart of the Nasdaq:



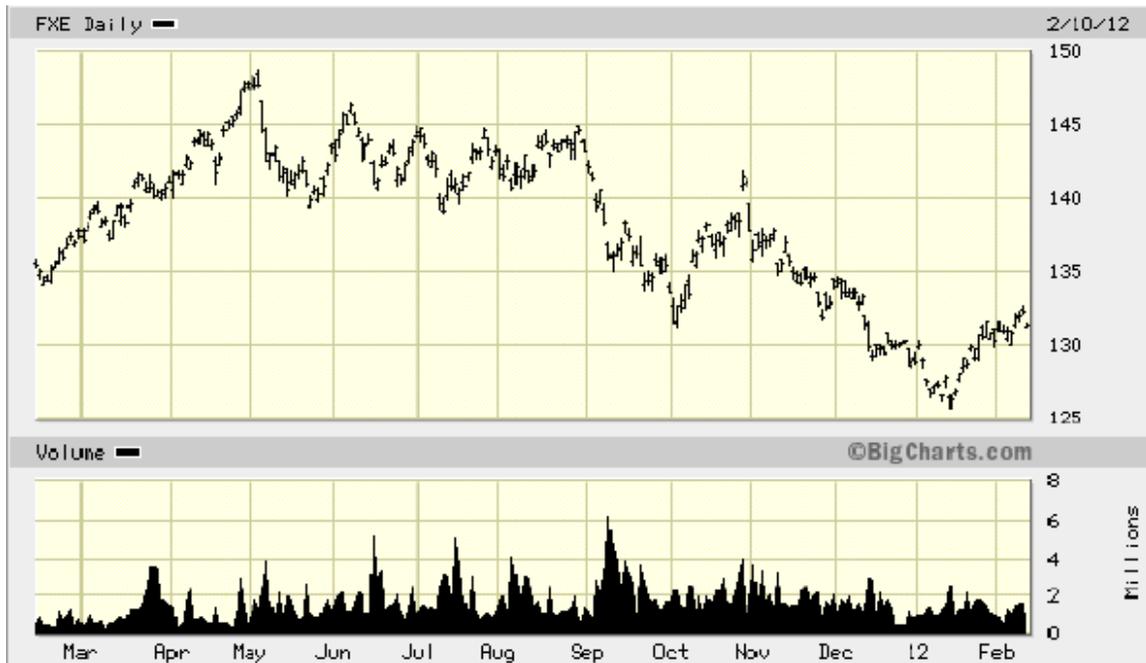
The Nasdaq is still in breakout mode (Apple is sure helping!) It would not be unusual to see the Nasdaq pull back to its breakout point. If we get a final resolution in Greece however, it could continue to bolt higher.



Speaking of Greece, we had a deal, then we didn't have a deal, and now we don't have a deal again. Riots are breaking out in Greece over the strict austerity measures being placed upon them by the European Union. It should be remembered that we just added another trillion to our debt load. Our hole is getting so deep, I think I can see Greece.



Now, here is a current chart of the all-important Euro:



As you can see, “as the euro goes, so goes our market.” The rise in the Euro has halted over the last few day, so hence the sell-off. The Euro will be a huge factor in determining the next move of our markets.

Earnings reports continue to flow into the market, but they are beginning to wind down. This past week saw Yum Brands, Perrigo, Cisco, Alexion, Linked-in, all handily beat their estimates, while Sprint, Coca-Cola, and Disney disappointed.

On the economic front, initial jobless claims came in better than expected, while Consumer Confidence dropped.

Next week’s earnings highlights will come from Avon, Borg Warner, Fossil, Abercrombie & Fitch, CBS, Deere, Network Appliance, Peet’s Coffee, Agilent, Apache, Applied Material, Baidu, GM, Regeneron, etc.

We will get retail sales on Tuesday of next week, FOMC minutes on Wednesday, initial jobless claims and housing starts on Thursday, and CPI and the index of leading indicators on Friday. Here is where the markets stand year to date:

	12/31/11 Value	Fri. 2/10/12 10:00AM	2012 YTD	YTD Pct. Change
S&P500	1260.37	1341.59	81.22	6.44%
DJIA	12,239.74	12,771.00	531.26	4.34%
NASD	2610.68	2907.89	297.21	11.38%
S&P600 (Small)	415.07	454.42	39.35	9.48%
Emg. Mkts (ADRE)	39.89	42.92	3.03	7.60%
10yr Bd.	1.87%	1.98%	0.11%	5.88%
Oil	98.87	98.41	-0.46	-0.47%
Gold	1565.90	1722.00	156.10	9.97%

As you can see, the more aggressive Nasdaq, Emerging Markets, and Small-Caps continue to lead the markets so far in 2012. I remain bullish for now, but I am still short-term cautious.



**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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Let's stop and enjoy a chart of Apple right now:



### **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 an [article](#) that I wrote on Nation Health Investors (NHI) this past week for *Seeking Alpha*. It has been a very healthy *income and growth* stock over the years.

The list below contains the best examples of such stocks that I can find in the market right now. No changes this week.

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It should be noted that the average yield of this portfolio is 7.1%. 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 obviously is more risk in investing in a portfolio like this, but the reward potential is greater.

Dividend stocks continue to underperform the market so far in 2012.

## **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 carries more risk than the aforementioned ones.

I still feel like aggressive growth will be the best place to be this year as it had a lousy year in 2011. I am seeing breakouts all over the place in the aggressive arena.

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## **Bill Gunderson's Featured Stock of the Week 2/10/2012**

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. Valuation

Mastercard	
Sector	Financial
Market Cap	50,260,000,000
Size	Large-Cap
Risk Profile	Conservative
Valuation 02/10/12	
Last Closing Price	\$396.14
Last Change	-0.26
Next Yr EPS Est	\$25.74
Forward PE Ratio	15.39

2. Description

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3. Performance

Performance of ma vs S&P 500		
1 Mo Total Return	13.6%	3.9%
3 Mo Total Return	10.1%	7.0%
12 Mo Total Return	57.4%	1.6%
Momentum Grade	B+	C
3 Yr Avg Tot Ret	36.2%	17.5%
5 Yr Avg Tot Ret	31.2%	-1.4%
10 Yr Avg Tot Ret	N/A	2.1%
Performance Grade	NA	C
2008 Total Return	-33.4%	-38.5%
Safety Grade	C+	C

4. Overall Grade

Gunderson Stock Grade
<b>A-</b>
<b>Overall Ranking: 53 / 2714</b>

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**Data from Bill Gunderson's best Stocks Now App**

Mastercard, is a \$50 billion dollar market-cap company headquartered in Purchase, NY of all places. The company provides global payment solutions in support of the credit and debit payment programs of 22,000 financial institutions.

The stock has been a top performer and is still a good value, hence the current Gunderson grade of "A."

Here is a five-year chart of Mastercard:



The company just reported another stellar quarterly earnings report. It should also be noted that Visa (V) is also a very good large-cap stock right now.

**Previously featured stocks: (As of 2/10/2012)**

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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 21.2%. 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 2/10/2012-On Fire!

		<u>2012 ytd</u>
India	INP	<b>25.8%</b>
Chile	CH	<b>24.9%</b>
Vietnam	VNM	<b>20.5%</b>
Brazil	EWZ	<b>17.4%</b>
Russia	RSX	<b>15.2%</b>
Peru	EPU	<b>15.2%</b>
Emerging Mkts.	ADRE	<b>12.8%</b>
Mexico	EWW	<b>12.3%</b>
China	FXI	<b>11.6%</b>
Thailand	THD	<b>11.6%</b>
Europe	EFA	<b>7.6%</b>
Japan	EWJ	<b>5.7%</b>
Canada	EWC	<b>5.3%</b>

The Global markets continue on fire. Right now, the U.S. is the worst market in the world. Don't look now, cut here comes Chile.



Commodities as of 2/10/2012

		<u>2012 YTD</u>
<b>Silver</b>	SLV	<b>20.7%</b>
<b>Steel</b>	SLX	<b>17.1%</b>
<b>Copper</b>	JJC	<b>12.7%</b>
<b>Gold</b>	GLD	<b>10.0%</b>
<b>Coal</b>	KOL	<b>9.6%</b>
<b>Oil</b>	USO	<b>-0.2%</b>
<b>Cotton</b>	BAL	<b>-0.9%</b>
<b>Grains</b>	JJG	<b>-1.6%</b>

Commodities continue to sizzle with the sell-off in the U.S. dollar. We are overdue for a correction however. I would look to get in on some kind of pullback.

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 62.53% ! Buying puts is also a good way to go.

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:

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

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