



January 25, 2013

Every Picture Tells a Story...

I am going to use a lot of pictures this week to tell the story of the current market. Sometimes I wonder if the pundits on the financial channels spend much time looking at pictures of the market. I hear the craziest things that make me really question how much time these so called experts actually immerse themselves in the markets on a daily basis.



In December they were telling me that it was best to sit on the sidelines until the fiscal cliff was resolved, yet I was not seeing any severe breakdowns in the stocks that I owned. In fact, they seemed quite healthy to me. Had I listened to their advice, I would have missed 5%-6% run in the market.

Now they are telling me that corporate earnings are slowing down and it is time to lock in some profits. Had I been sitting on the sidelines like they warned me, there would not be any profits to lock in! Why would I want to head to the sidelines now when I see stocks breaking out all over the world?

No wonder I usually have my TV turned to Dives, Diners, and Drive-ins during the trading day, and my eyeballs glued to my stock charts! At least Guy Fieri gives good advice.



I know where I am going the next time I visit Baltimore!

Let's sit back and enjoy some real pretty pictures this week. We begin with the S&P 500:



We have been waiting for months for a breakout in the market. Why would I sell now?

The stodgy ol' stocks of the Dow are breaking out...



Markets are breaking out all over the world...



Another good week in the market..

Asset Class	Fri. 1/18/13 Close	Fri. 1/25/13 Close	Week Change	Week Pct. Change
S&P500	1485.98	1502.96	16.98	1.14%
DJIA	13,648.54	13,894.44	245.90	1.80%
NASD	3134.71	3149.71	15.00	0.48%
S&P600 (Small)	500.06	508.47	8.41	1.68%
S&P400 (Mid-Cap)	1073.86	1096.67	22.81	2.12%
Emg. Mkts (VWO)	45.13	44.56	-0.57	-1.26%
Em Mkt Sm. Cap (DGS)	50.36	50.02	-0.34	-0.68%
Europe (EFA)	58.15	59.01	0.86	1.48%
China (FXI)	41.70	41.12	-0.58	-1.39%
Latin America (ILF)	45.57	45.75	0.18	0.39%
U.S. 10yr. Tr.	1.84%	1.95%	0.11%	-5.98%
Greece 10yr. Bond	11.75%	10.72%	-1.03%	8.77%
Italy 10yr. Bond	4.16%	4.19%	0.03%	-0.72%
Spain 10yr. Bond	4.90%	5.14%	0.24%	-4.90%
Oil	95.79	96.09	0.30	0.31%
Gold	1684.60	1658.40	-26.20	-1.56%

Here is where we stand year-to-date:

Asset Class	12/31/12 Close	Fri. 1/25/13 Close	2012 Final	2013 YTD
S&P500	1426.19	1502.96	13.41%	5.38%
DJIA	13104.00	13894.44	7.06%	6.03%
NASD	3019.51	3149.71	15.66%	4.31%
S&P600 (Small)	476.57	492.06	14.82%	3.25%
S&P400 (Mid-Cap)	1020.43	1096.67	16.07%	7.47%
Emg. Mkts (VWO)	44.53	44.56	16.54%	0.07%
Em Mkt Sm. Cap (DGS)	49.44	50.02	19.59%	1.17%
Europe (EFA)	56.86	59.01	14.80%	3.78%
China (FXI)	40.45	41.12	16.00%	1.66%
Latin America (ILF)	43.84	45.75	2.98%	4.36%
U.S. 10yr. Tr.	1.84%	1.95%	-0.53%	-5.98%
Spain 10yr. Bond	4.90%	5.14%	5.17%	-4.90%
Oil	95.79	96.09	5.21%	0.31%
Gold	1684.60	1658.40	6.14%	-1.56%

Small and Mid-Cap stocks continue to lead the way. Here is my current ranking of the various asset classes:

Top Ranked Last Week

Rank	Asset Class	Ticker
A-	Emg.Mkts.Small-Cap Ind...	EWX-(277)
B+	Templeton Emg.Mkt.Inc....	TEI-(344)
B+	Small-Cap Growth Index	IJT-(708)
B	Smallcap Dividend Index (DES-(775)
B	Small-Cap Value Index	IJS-(795)
B	Small-Cap Vanguard Index	VB-(833)
B	Mid Cap Growth	IJK-(868)
B	Intl.Small-Cap Div.Index	DLS-(930)
	Inflation Protected Treas	

Top Ranked This Week

Rank	Asset Class	Ticker
A-	Emg.Mkts.Small-Cap Ind...	EWX-(227)
A-	Templeton Emg.Mkt.Inc....	TEI-(265)
B+	Mid Cap Growth	IJK-(525)
B+	Small-Cap Growth Index	IJT-(585)
B+	Smallcap Dividend Index (DES-(698)
B+	Small-Cap Value Index	IJS-(710)
B+	Small-Cap Vanguard Index	VB-(754)
B+	REIT Index US Spider	RWR-(942)
	Intl Small-Cap Div Index	

Very little change from last week. Here is where not to invest right now..

Bottom Ranked Last Week

Rank	Asset Class	Ticker
	LQD-(2029)	
B-	Gold Bullion	GLD-(2042)
B-	Mort. Backed Sec. Index (MBB-(2045)
B-	U.S.Treasury 5-10yr Index	BIV-(2096)
C+	Commodity Index	DBC-(2420)
C	Gold denominated in U.S.	GTU-(2692)
C	Goldminer's Index	GDX-(2854)
C-	Short Term Bond Index	BSV-(2946)
D	S P 500 Inverse	SH-(3158)

Bottom Ranked This Week

Rank	Asset Class	Ticker
	BIV-(2142)	
C+	Corp. Bond Inv.Gr. Index	LQD-(2263)
C+	Mort. Backed Sec. Index (MBB-(2293)
C+	Gold Bullion	GLD-(2379)
C+	Commodity Index	DBC-(2391)
C+	Gold denominated in U.S.	GTU-(2637)
C-	Short Term Bond Index	BSV-(2972)
D+	Goldminer's Index	GDX-(3112)
D	S P 500 Inverse	SH-(3203)

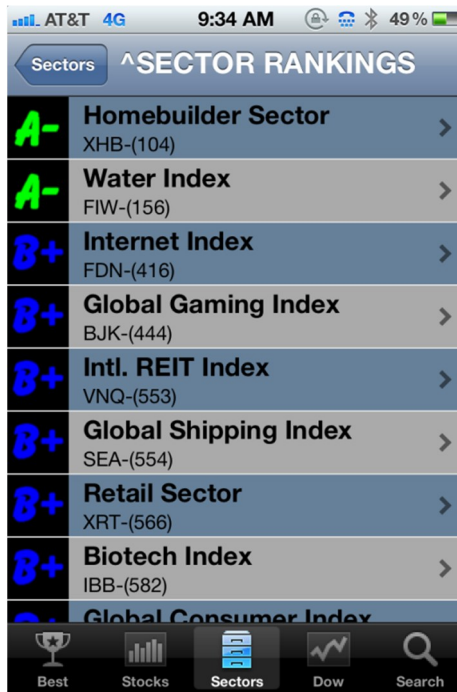
Sorry Bears and Gold-Bugs. Bonds are sinking like a rock right now..

Here are this week's sector rankings vs. last week's sector rankings.

Last Week



This Week



How long have I been telling you about the Homebuilding sector? It remains on top...



I still believe strongly that we are in the early innings of a rebound in the housing sector!

It doesn't matter if it is a homebuilder...



A cement supplier...



Gypsum wall-board...



Carpet...



Or plastic lumber!



This Internet Sector is also breaking loose right now!



Let's take a peek inside...

Top 10 Holdings (as of 1/25/2013)

Holding	Percent (%)
Google Inc.	9.43
Amazon.com, Inc.	7.68
eBay Inc.	6.37
priceline.com Incorporated	5.30
Salesforce.com, Inc.	4.11
Yahoo! Inc.	4.01
Netflix Inc.	3.98
Facebook Inc. (Class A)	3.69
Juniper Networks, Inc.	3.35
Equinix, Inc.	3.22

I already own three of the stocks listed above. I featured Netflix on my radio show on January 15th.

<http://pwstreet.com/nflx-4/>

I was getting ready to pounce and this happened!



The one that got away!

Search

nflx

Ranking	
Current	80 / 3227
1 day ago	81
7 days ago	31
1 month ago	2
2 months ago	178
3 months ago	529

Comments:

- 12/26/12 Netflix (NFLX) looks really interesting.
- 12/21/12

This stock rose clear up to a number 2 Best Stocks Now App ranking just four weeks ago. In fact, it was number one for a day or two.

THE ONE THAT GOT AWAY! Ouch...

Here are this week's lowest rated sectors:

Last Week



This Week



Oil & Gas is beginning to rise from the bottom.

Not everything is currently breaking out to new highs...



I warned about getting back into Apple back in December...

Still too soon to get back into Apple

<http://www.marketwatch.com/story/still-too-soon-to-get-back-into-apple-2012-12-14>

I hope you listened.

Apple WILL eventually pull off a Netflix



It will find a bottom, build a base, and break out to the upside once again. I don't see that happening any time soon however. I have been asked by Dow Jones **MarketWatch** to write another article about Apple for publication next week.

My current warning is on the Bond Market. I do not like what I see at all!

Sorry, but they can't all be pretty pictures!



The 3.5 year long bull market remains intact. It will eventually end, but there is no reason not keep the green flag flying for now!



Please follow me on Twitter @BillGunderson, Facebook, or LinkedIn throughout the week for any changes in my current stance on the market or individual stocks. My tweets are also found on my **BEST STOCKS NOW** app every day, and on the [homepage](http://www.pwstreet.com) of my website: <http://www.pwstreet.com>

Bill Gunderson's Model Portfolio for Investors seeking AGGRESSIVE/Moderate Growth.

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

This portfolio is more volatile than the *Conservative Growth Portfolio* and the *Income/Growth Portfolio*. This portfolio also carries more risk than the other two. It also has a higher turnover rate. It also has the most upside potential, however.

This portfolio is up **4.55%** year-to-date. This is net of a 2.0% annual management fee and all \$7 trades. I sold

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Bill Gunderson's Model Portfolio for Conservative Growth Investors:

This model is made up of mostly mid-cap and large cap companies that I consider suitable for investors who have a **conservative growth risk profile**. Time horizon of at least 3-5 years would be appropriate.

This portfolio is up **4.87%** year-to-date. This is net of an annual mgt. fee of 2.0% and all \$7 trades. I am

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Bill Gunderson's INCOME/GROWTH Model Portfolio

This portfolio is for investors seeking Income along with the possibility of Growth. This is a good mix for retirees who are seeking a CD alternative-albeit with greater risk. This portfolio currently has an average yield of **6.1%**.

This portfolio is now up a whopping **8.08%** YTD and **15.79%** since its August 5, 2011 inception. This works out to an annualized rate of **10.69%**. Not bad for a CD alternative.

This is net of all \$7 trades and an annual mgt. fee of 2.0%. I am

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Bill Gunderson's ETF Model Portfolio

This portfolio is for investors seeking growth. This portfolio is now up **3.54%** YTD. This is net of all \$7 trades and an annual mgt. fee of 2.0%. I hate to make a change so early in the year, but this

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401-K Section

Everyone has different choices to them in their 401-ks. The choices basically fall into about broad categories however: Large Cap, Mid-Cap, Small-Cap, Govt. Bond, Corp. Bond, Inflation Protected Bond, International, Emerging Market, and maybes sectors like technology, natural resources, etc.

I have added a number of mutual funds to my **Best Stocks Now** database that are representative of the various categories of funds that are available in most 401k plans. I grade them on a daily basis.

If you have a wide selection of mutual funds in your plan, here is my current basic recommendation to begin 2013.

This portfolio is up **4.66%** year-to-date (net of all fees and trading costs)

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401-K Section (VERY BASIC)

Many folks have a very limited selection of choices in your 401-k. THIS NEW SECTION IS FOR YOU!

THIS SECTION IS FOR CLIENTS AND SUBSCRIBERS ONLYCash

I track just over 3,200 stocks, funds, etf's, etc. I spend several hours looking at them each day. I especially focus in on the ones I own, the stocks rising in rank, and the A- or better rated stocks (usually about the top 200). I like Performance and Value. Here is a good example of what I mean by this...

AT&T 4G 7:07 AM 86%

Search trex

BEST STOCKS NOW! APP

Trex Company Inc

Sector	Building
Market Cap	713,440,000
Size	Small-Cap
Risk Profile	Aggressive

Valuation 01/25/13

Last Closing Price	\$42.78
Next Yr EPS Est	\$2.41
Forward PE Ratio	17.75
Est 5Yr Annual Gr	32.20%

Best Stocks Sectors Dow Search

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Search trex

Valuation 01/25/13

Last Closing Price	\$42.78
Next Yr EPS Est	\$2.41
Forward PE Ratio	17.75
Est 5Yr Annual Gr	32.20%
PEG Ratio	0.55
5Year Target Price	\$77.29
Dividend Yield	0.00%
5Yr Tot Ret Pot	80.7%

Gunderson Value Grade

B

Best Stocks Sectors Dow Search

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Search trex

Performance of trex vs S&P 500

1 Mo Total Return	16.4%	0.5%
3 Mo Total Return	24.0%	6.7%
12 Mo Total Return	72.4%	13.3%
Momentum Grade	A	C
3 Yr Avg Tot Ret	37.3%	11.1%
5 Yr Avg Tot Ret	40.5%	2.5%
10 Yr Avg Tot Ret	1.7%	5.7%
Performance Grade	B	C
2008 Total Return	93.4%	-38.5%
Safety Grade	B+	C

Best Stocks Sectors Dow Search

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Search trex

Gunderson Stock Grade

A

Ranking

Current	61 / 3227
1 day ago	44
7 days ago	43
1 month ago	255
2 months ago	9
3 months ago	147

Best Stocks Sectors Dow Search

BILL GUNDERSON WEEKLY TOP 200 LIST:

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Stocks Rank 1-300

A+	Stratasys Inc. SSYS-(1)	>
A+	Virtus Invest. Ptrs. VRTS-(2)	>
A	Terra Nitrogen Co Lp TNH-(3)	>
A	Taiwan Semiconductor Inc TSM-(4)	>
A	Pharmacyclics Inc PCYC-(5)	>
A	I P G Photonics IPGP-(6)	>
A	Polaris Industries Inc PII-(7)	>
A	BioMarin Pharmaceutical BMRN-(8)	>
A	Thai Fund	>

Best Stocks Sectors Dow Search

Just an appetizer-the full list is below!

THIS SECTION IS FOR CLIENTS AND SUBSCRIBERS ONLY, BUT HERE ARE 150-200

Bill Gunderson's

Best Stocks Now

Top 200 as of 1/25/2013

		Six	Three	Two	Six	One	Two	One		
		Mos. Ago	Mos. Ago	Mos. Ago	Wks. Ago	Mo. Ago	Wks. Ago	Wk. Ago	Yest.	Current
		<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>
A- PSMT	PriceSmart Inc	269	486	185	148	136	243	98	217	152
A- TSCO	Tractor Supply Co	326	24	166	234	199	103	186	231	153
A- UWM	Russell 2000 2X Proshares	1742	1831	2634	1071	1424	530	596	299	311
A- CHN	China Fund	1226	1186	1047	1119	711	130	223	80	154
A- TDG	Transdigm Group Inc	21	20	64	33	390	191	106	143	155
A- BSET	Bassett Furniture Inds	250	1954	560	650	260	238	145	111	156
A- BECN	Beacon Roofing Supply	2219	760	33	97	51	21	30	168	157
A- SWI	Solarwinds Inc.	402	226	707	407	625	1408	389	372	158
A- ARG	Airgas Inc	518	720	102	141	53	84	107	108	159
A- GPI	Group 1 Automotive Inc	396	160	289	402	504	144	249	180	160
A- HD	Home Depot Inc	260	26	26	18	195	265	198	146	161
A- HNP	Huaneng Pwr International Inc	1433	1716	731	1023	643	134	231	176	162
A- MHK	Mohawk Ind Inc	1165	1425	1278	1307	2286	76	76	127	163
A- TTC	Toro Co	68	222	129	74	135	347	112	200	164
A- WST	West Pharmaceutical Svcs	925	502	586	618	475	1029	573	529	165
A- SPXL	S&P 500 2X	0		2430	752	729	501	295	147	166
A- ULTA	Ulta Salon	745	669	462	129	217	182	677	752	167
A- PRA	Proassurance Corp.	581	1099	1250	1087	863	162	321	304	168
A- XBI	Biotech Index	93	984	1045	408	212	490	390	235	169
A- RNF	Rentech Nitrogen	47	190	120	178	271	139	352	103	170
A- ESL	Easterline Technologies	1089	568	941	208	41	318	399	191	171
A- NHI	National Health Investor	333	425	284	273	263	170	141	155	172
A- PVH	Phillips-Van Heusen Corp	382	51	24	91	184	201	175	181	173
A- SCL	Stepan Co	276	1037	677	476	604	125	165	156	174
A- DORM	Dorman Products Inc	88	77	13	13	8	100	94	100	175
A- EQIX	Equinix Inc	69	115	192	217	59	239	136	182	176
A- GPOR	Gulfport Energy	1412	666	948	429	288	63	208	157	177
A- STWD	Starwood Property Trust	469	446	496	654	458	313	221	195	178
A- NNI	Nelnet Inc	523	381	38	103	66	112	292	259	179
A- WBC	Wabco Hldgs Inc	1425	443	280	110	164	34	72	219	180
A- HSY	Hershey Foods Corp	442	1035	475	627	535	221	226	161	181
A- SLXP	Salix Pharmaceuticals Ltd	20	224	139	99	214	254	168	183	182
A- CAF	Morgan Stanley China A Share Fund	2468	1648	1771	2329	714	212	375	136	183
A- FEIC	FEI Co	651	775	136	117	189	82	166	149	184
A- SEB	Seaboard Inc.	1003	1416	1340	165	113	69	100	267	185
A- LNKD	Linkedin Inc.	573	1294	515	196	98	246	325	234	186
A- PPG	P P G Industries	160	468	277	190	85	118	123	167	187
A- RLOC	Reach Local Inc.	0	2916	2947	2963	2661	89	160	546	188
A- ASH	Ashland Inc	631	687	472	319	176	22	27	169	189
A- RHT	Red Hat Inc.	334	679	542	699	327	277	272	362	190
A- WY	Weyerhaeuser Co	1472	745	725	924	916	1030	812	272	191
A- HOLI	Hollysys Corp.	1700	513	2235	1337	1476	229	26	122	194
A- TRIP	Tripadvisor	0	0	0	0	822	728	101	172	195
A- BIB	Biotech Sector 2x	2147	1004	1815	400	581	868	650	243	196
A- OII	Oceaneering Intl Inc	150	333	214	370	572	274	338	163	197
A- ONXX	Onyx Pharmaceuticals Inc	3	22	349	488	60	132	159	309	198
A- VMED	Virgin Media	761	512	520	714	68	64	99	152	199
A- AME	Ametek Inc	211	314	109	105	105	108	152	160	200

Bill Gunderson's Top 200 is a new feature in the newsletter. I can tell you from experience that it is very powerful. The Top 200 is a reflection of the market and the economy. These trends can remain in place for a long time. Sometimes bonds are at the top, sometimes cash is at the top, and there are even times when inverse funds rule the roost. Study this list carefully each week.

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In addition to this we will also download the shows to the radio archives on my website <http://pwstreet.com> and send them to iTunes. There is no excuse to not keep up on your investments!



Bill Gunderson is also columnist for *The Street.com*, *MarketWatch.com*, and *SeekingAlpha.com*.



I wrote about one of my favorite tech stocks this past week:

One semiconductor spot tops them all

<http://www.marketwatch.com/story/one-semiconductor-stock-tops-them-all-2013-01-23>

I also made an appearance on the Fox TV Business network with Liz Clayman in early December.

Click here to view my 2013 predictions:

http://www.foxbusiness.com/on-air/closing-bell/index.html#/v/2043996213001/time-for-investors-to-sell-gun-stocks/?playlist_id=87063

Watch for Bill Gunderson on:





Here are snippets on all of the stocks I have talked about on my radio show, and articles that I have written over the last few months. They are in alphabetical order.

<http://pwstreet.com/good-bad-stocks/>

MORTGAGE RATES remain at all-time lows. "Craig Brock, our local mortgage expert and bond market commentator on Positively Wall Street is actually closing HARP-2 loans for people (while many banks are hopelessly backlogged). Are you under water on your property? These new rules are helping folks who may not have otherwise qualified for a new loan at these historic low rates!

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6:07 p PT **Bill Gunderson**
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