

CAPITAL GROWTH LETTER

"The simplest stock-market timing system is to buy the fall lows and sell in the midst of the next summer." John Bollinger

Stocks

The current relative strength on the part of mid-cap and smaller stocks is the strongest I have ever seen. Clearly the stock market believes that the economic environment that Trump is proposing will be very beneficial for smaller companies. Just to be perfectly clear I am no fan of Trump, but the market clearly likes what it is hearing, so who am I to argue? I am guessing that what stocks like most is the promised reduction in the regulatory burden, which is all the more interesting as the Obama administration is preparing one last massive regulatory push as they head for the exit. Looking towards Europe, the French president, the socialist François Hollande, has withdrawn from next year's election and the finalists for the French election are now both from the right, François Fillon and Marine Le Pen, either of whom might attempt to do the same for the French economy. Add in Brexit and the distinct possibility of a Merkel defeat in Germany, and one gets the idea that the ideal of a single world socialist government so dear to the Obama administration is being widely repudiated. If that is the case, and the world is on the verge of transitioning to a more supportive business environment, stocks, especially smaller stocks, not just here, but abroad too, could move still higher. For example, were European unemployment rates to descend from the double digit levels that France, Italy, Spain and Greece are experiencing conditions might improve more quickly than most imagine. I am not a huge bull on stocks, but this rally could have long legs if a few pieces fall into place just right.

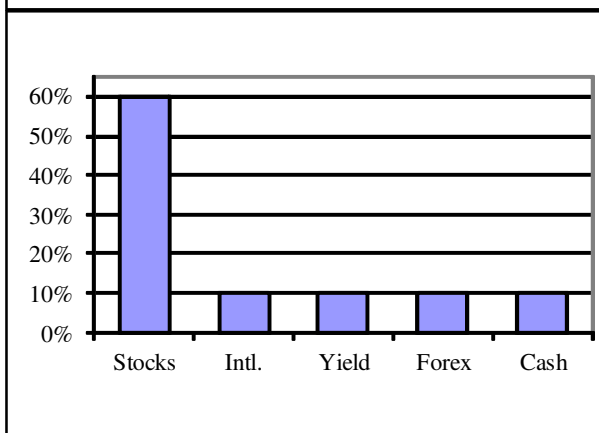
We are now entering the best portion of the year to own stocks. This phenomenon has become global over the last couple of decades, so it is not hard to imagine higher world stock prices well into the middle of next year. In the meanwhile, the US stock market remains in good condition and our outlook remains positive. The odds of a pause to refresh seem high, as an awful lot of good news has been factored into prices. Still, we don't anticipate much more downside than a consolidation or short-term correction at present. If the technical backdrop deteriorates we'll get worried as we are quite over-

The Investing Environment

Monetary	Model	Current
Fed Model	Neutral	
Yield Curve	Positive	1.89
Money Supply	Positive	7.7%
Sentiment	Model	Current
Net Bulls	Negative	34.0
Options	Positive	0.95
Valuation (S&P 500)	Last Signal	Current
Yield		2.13%
P/E Ratio		25.22
Current Trends	Short Term	Long Term
Stocks	Up	Up
Interest Rates	Up	Up
Energy	Up	Up
Gold	Down	Down
Commodities	Flat	Up
Dollar	Up	Up

Monetary growth is still very strong!

Asset Allocations



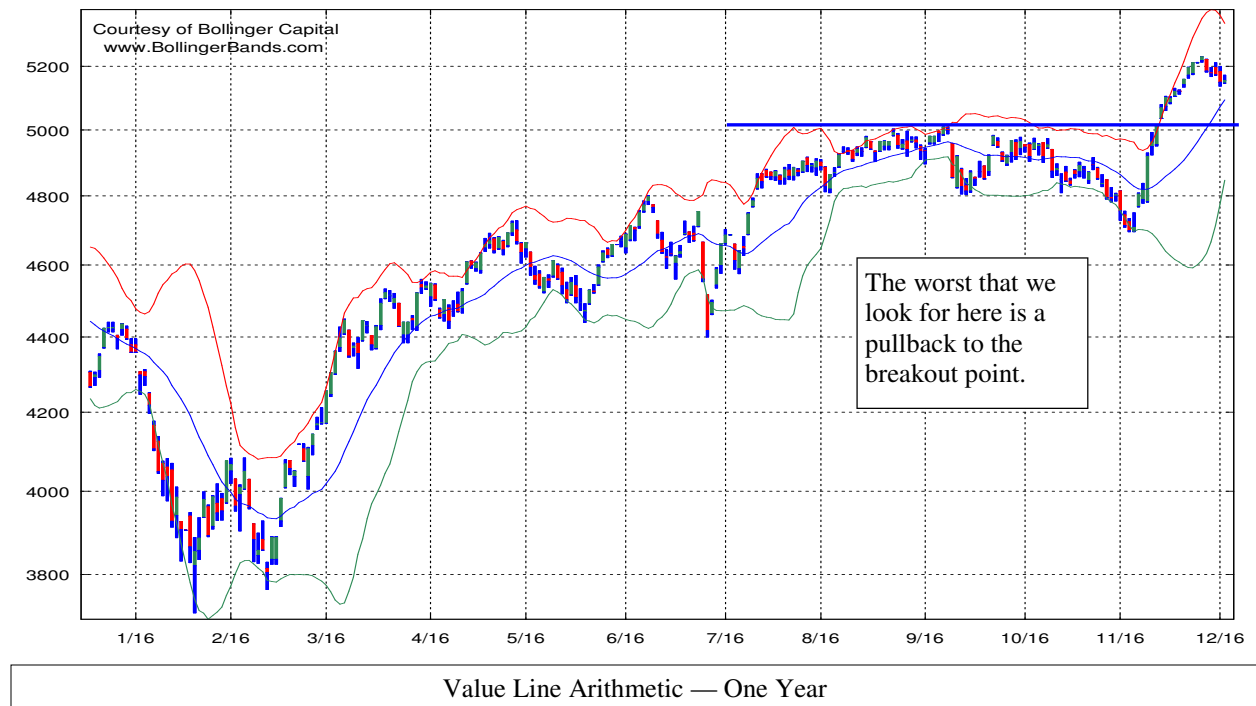
extended price-wise, but there is no sign of that yet. The daily advance-decline line is playing catch-up to price and is almost at a new high. That's a relief, as the a-d line got left behind in the blast off. That divergence is well on its way to being healed, which is exactly what we'd expect if the rally is to have legs. There was a brief flurry of new lows as the market pulled back, but nothing serious and less than might have been expected. We are now back to strong pluralities of new highs, so no troubles indicated by this series. Pretty much the same is true for the other internal indicators that we follow, so until we see some signs of trouble the path of least resistance is higher for stocks.

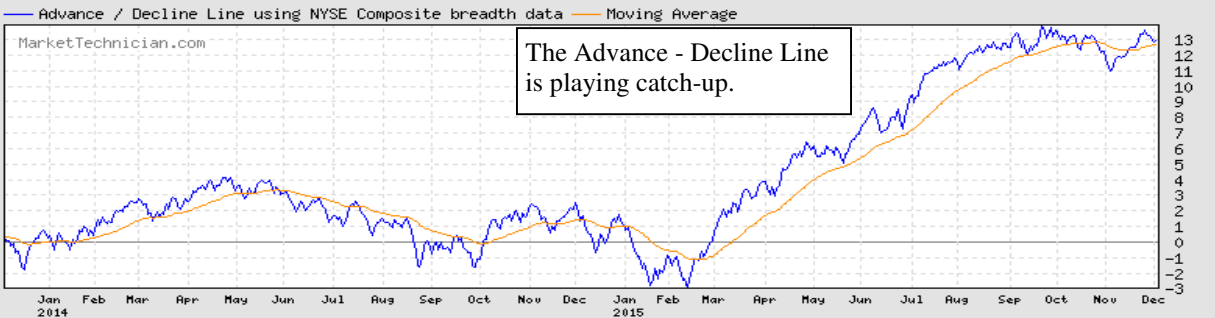
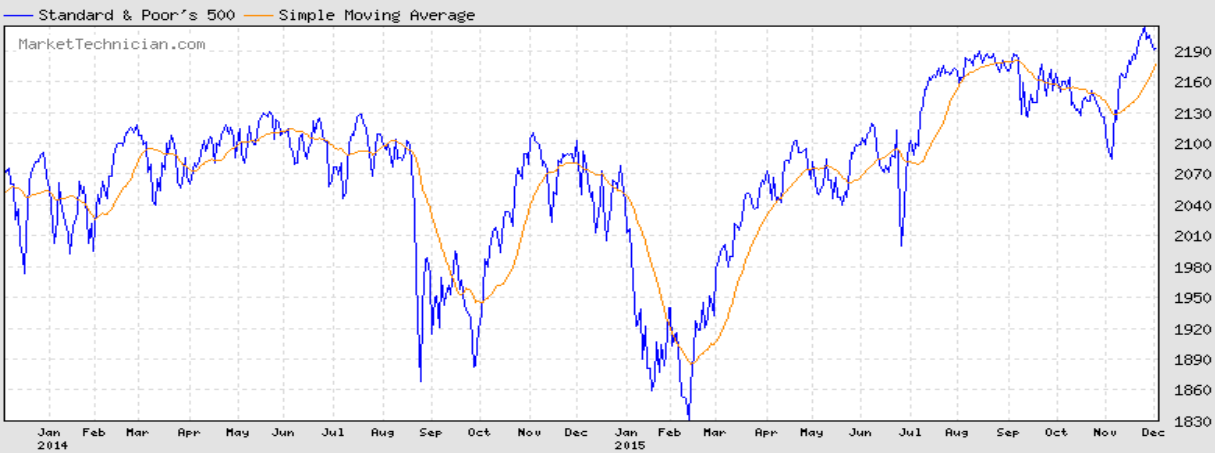
Though I like to focus on the basics, I should take a moment to acknowledge some of the popular breadth indicators. There are many useful ones on the list, but only a few are widely used. The McClellan Oscillator, MCO, is one that is relevant in the current time frame. The MCO is the difference between two exponential averages of breadth data, one short-term and the other intermediate-term. Originally, the raw data for the averages was the number issues traded on the NYSE rising on the day minus the number falling, (advances – declines), but more recently an adjustment that improves comparability over time has achieved acceptance, (advances – declines) / issues traded. This is sometimes known as the 'ratio version' and it is the version I prefer. However, it is not the MCO I want to discuss, but its companion tool, the Summation Index.

The SI is a sum of the daily values of the MCO and

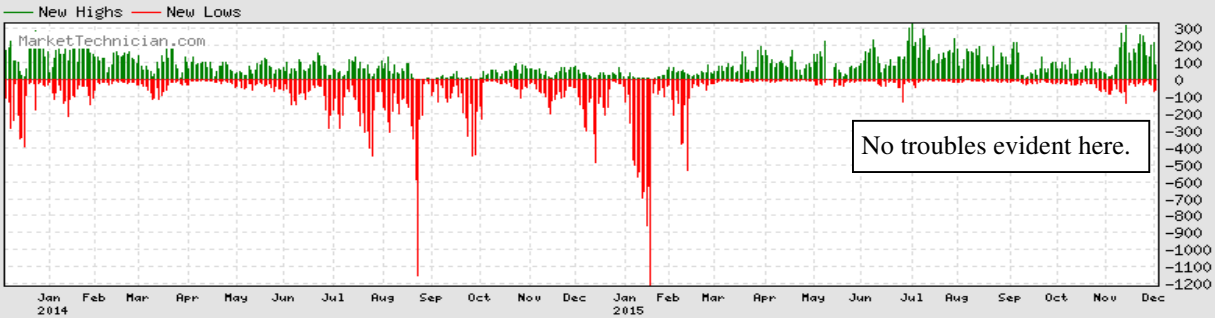
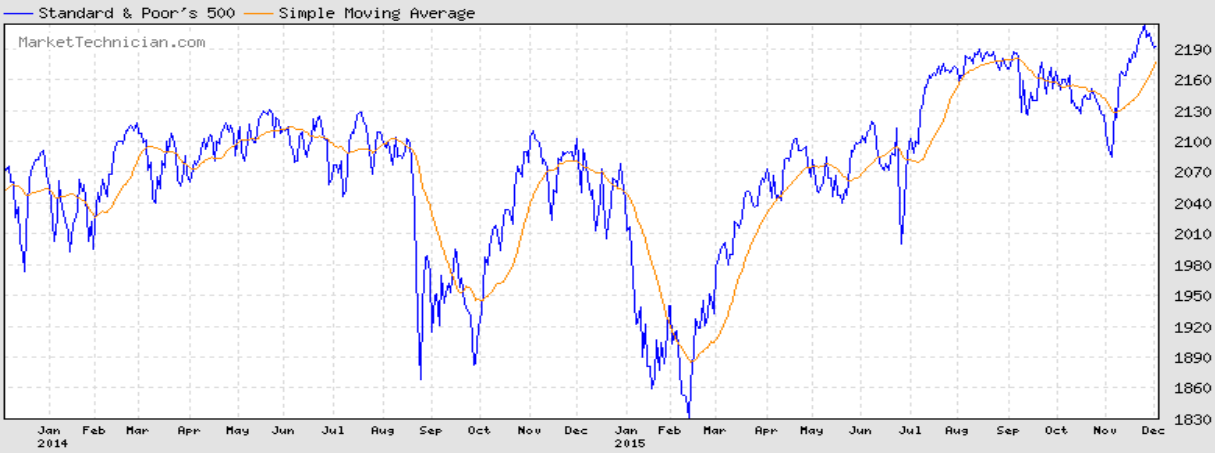
many think of it as a longer-term timing tool. For many years the SI was plagued by a problem that impacts many technical indicators, start-up values. Using different start dates would cause the subsequent SI values to be different. That meant only comparisons of relative values could be used, peaks versus prior peaks/troughs and so on. Analysis of absolute values like zero line crossings was problematic. Then along came Jim Meikka, a blind technical analyst. The only charts he saw, were those in his head. He developed a simple/elegant formula for the SI that allowed direct comparability of the SI regardless of the start date of the calculation. I should point out that Jim was not your ordinary blind technical analyst, he was an expert marksman as well. Some people excel whatever their circumstances! In any case, a friend (SB) recently pointed out that the ratio version of the SI had made a positive crossing of its zero line, which he (and I) interpret as a bullish confirmation of the up trend. Confirming that is the traditional version of the SI, which did not fall below zero, but pulled back and then turned up from just above the zero line. Annotated charts on page 14.

We think that the mid-cap sector, the stocks of middle-sized companies, is the current and potential sweet spot of the market. (Value has been leading growth and there is no sign of a change in that leadership yet, but we'd expect to see a switch towards growth as the rally matures.) IJH, MDY, VO, and IWR are all highly liquid mid-cap funds that offer easy exposure to the sector. IWS, VOE and IJJ are solid mid-cap value funds that will work well. Another way to participate in this trend

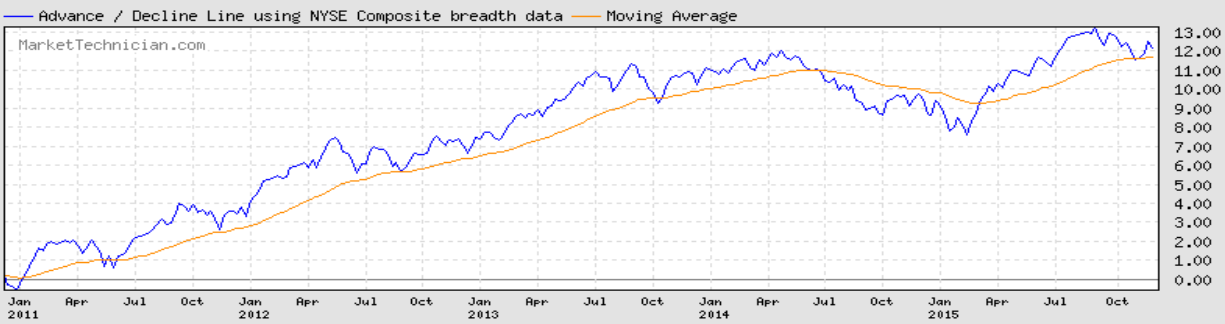
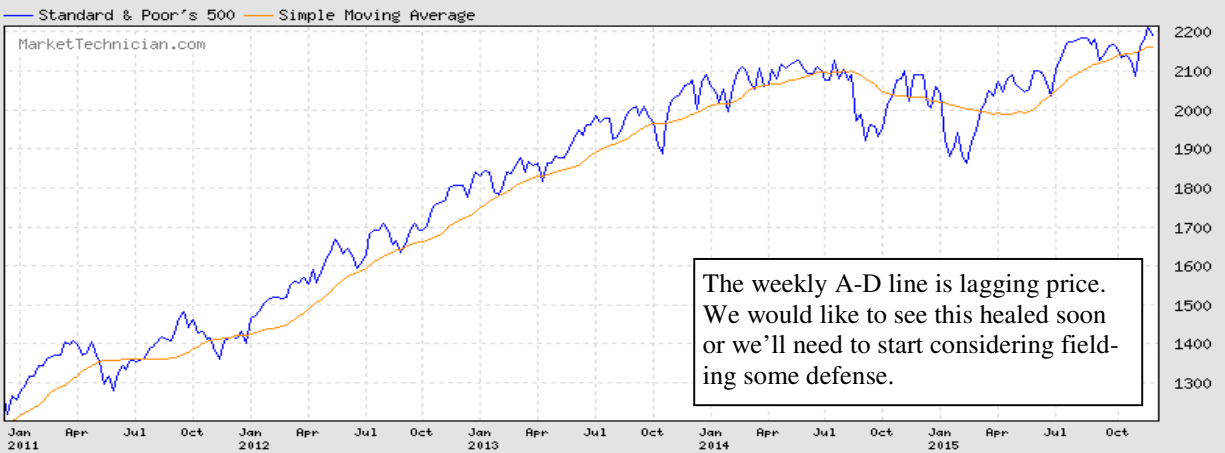




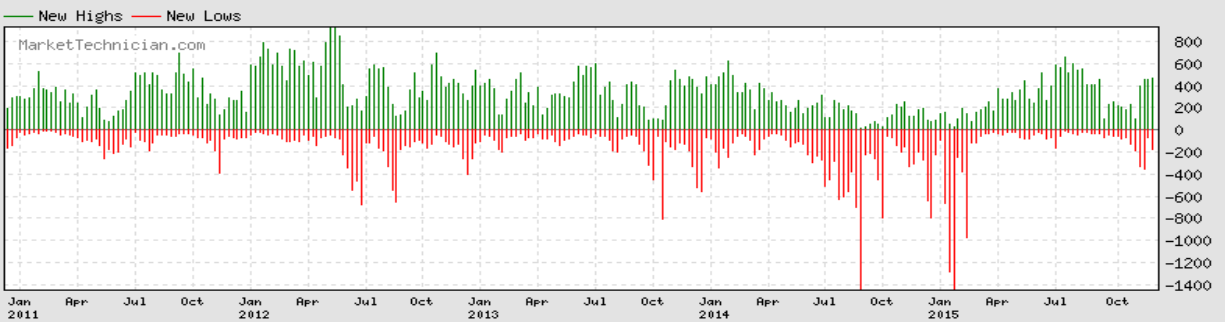
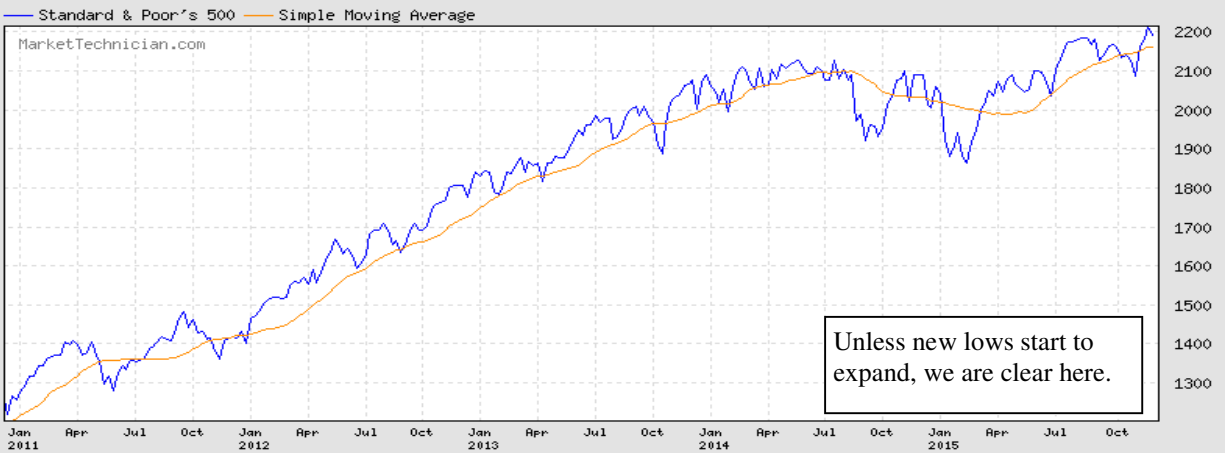
S&P 500 and NYSE Advance - Decline Line — Daily — Two Years



S&P 500 and NYSE New Highs / New Lows Histogram — Daily — Two Years



S&P 500 and NYSE Advance - Decline Line — Weekly — Five Years



S&P 500 and NYSE New Highs / New Lows Histogram — Weekly — Five Years

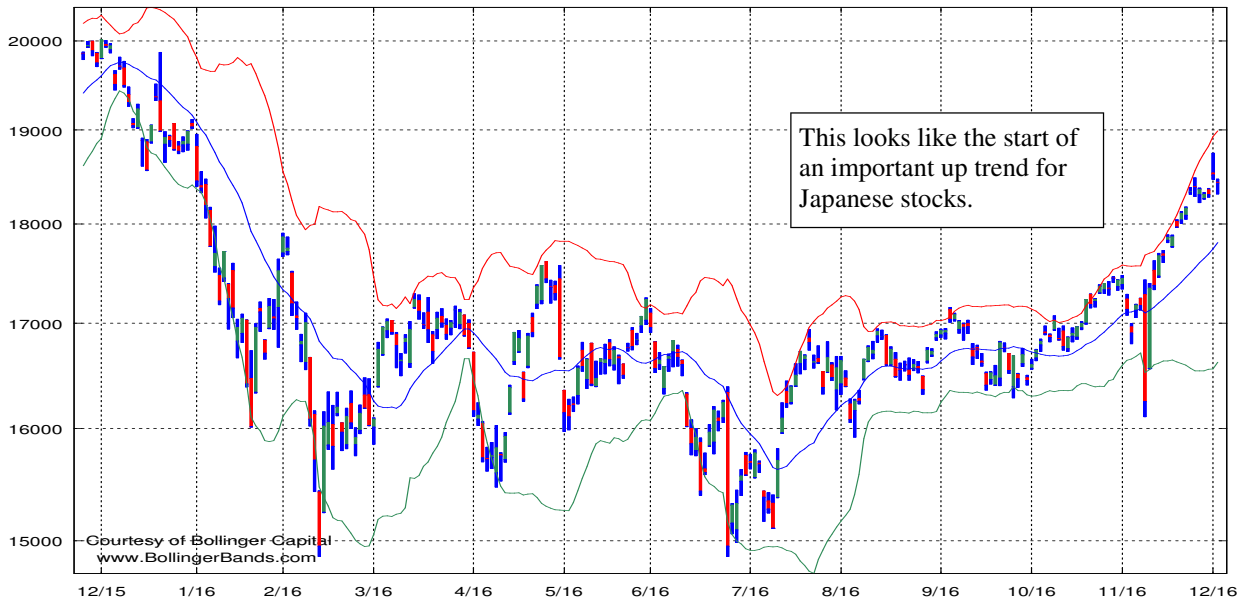


DAX — Daily — One Year

is via an equal-weighted ETF like EQAL, which holds equal sized positions in each of the stocks in the Russell 1000 Index. Equal parts MDY, IJJ and EQAL should work together well.

There has been a lot of talk about the "Trump trade", which I think should largely be ignored. This sort of thinking is a distraction more than anything else. Instead we need to focus on what is actually happening in the markets, and so far that's been pretty clear market action favoring smaller stocks and value stocks.

The bottom line is that this is a time of change, perhaps massive change, and I'll bet that few will find the changes to their taste regardless of their politics. That's because the world has become so complex and inter-related that when you gore an ox, you will almost inevitably find that there are substantial knock on effects so you'll likely have gored oxen and yourself in some manner. These will be 'interesting' times. My old line from Hill Street Blues has never been more appropriate. "Let's be careful out there!" <https://www.youtube.com/watch?v=Jmg86CRBBtw>



Nikkei 225 — NIK — Daily — One Year

The Bounce

We shall skip The Bounce this year as the markets are not setting up as they should to insure a good bounce. Ideal Bounce conditions are a peak in stock prices earlier in the year, lots of stocks hitting the new lows list as the year draws to an end, lots of tax selling, and the dumping of stocks as a product of portfolio window dressing. We don't see any of that this year. We are likely to go out near the highs of the year. There are few if any new lows being made. Tax selling is simply not a factor (yet). And window dressing is far more likely to involve panic buying of 'good merchandise' than selling of 'bad merchandise'. So we are taking a pass on The Bounce until next year.

Forex

All trading bands, and there are many varieties of bands and envelopes, serve the same basic purpose; they alert the user as to whether price is relatively high or low. Armed with that information one can engage in any number of analytical efforts; pattern recognition, generation of buy and sell signals, identification of overbought and oversold levels, calculation of stop loss-levels, profit targets and much more.

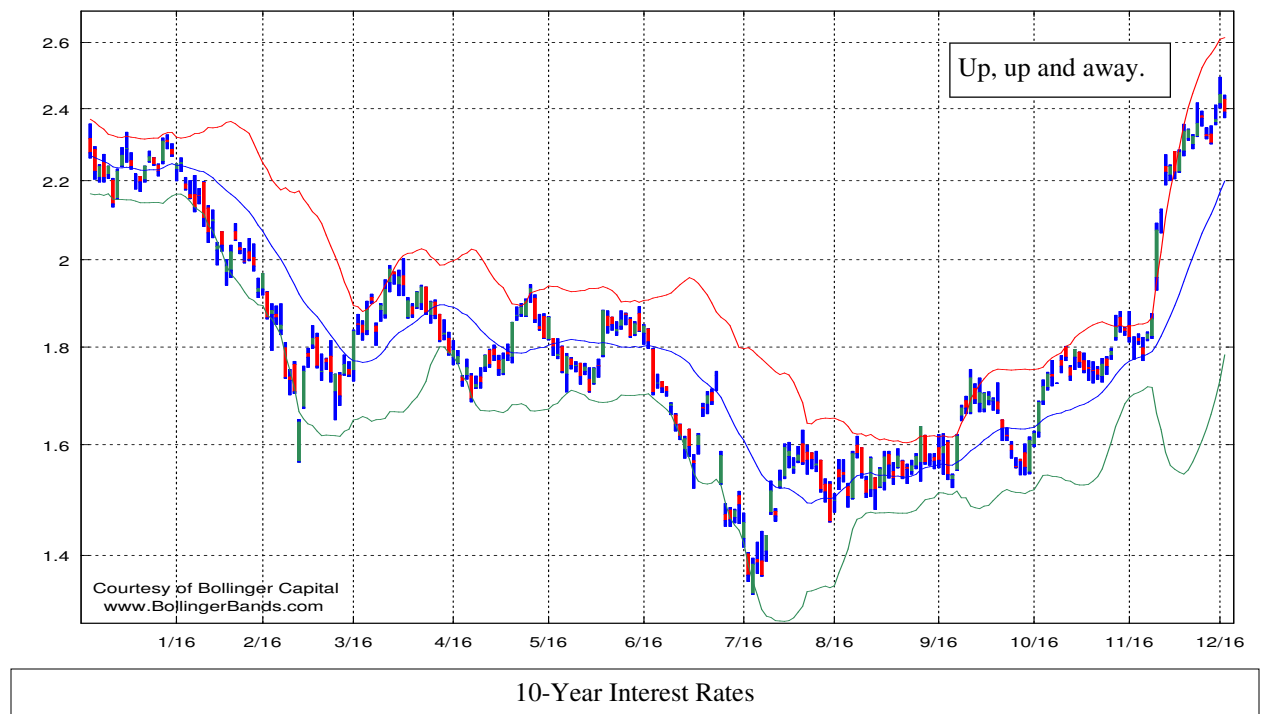
For me trading bands are Bollinger Bands. What sets Bollinger Bands apart is that they use volatility (standard deviation) to determine the width of the bands. That means that even in big moves the bands adapt

quickly to changes in prices, keeping the definition of high and low germane to the evolving price structure. In fact, Bollinger Bands are the most adaptive of all the trading bands and envelopes I have tested.

It surprises me how much interest there is in my eponymous bands. I can understand the interest. Bollinger Bands and their related indicators definitely deserve it, but I never expected it. Indeed, Bollinger Bands have become perhaps the most popular of the price-based indicators (those that are plotted on the same chart clip and scale as price). Amazing.

BBs can be used in almost any market; stocks, futures, commodities, options... They have even seen applications in industry, but they seem to be especially popular in the foreign exchange markets. There is a reason for that. Most tradables are priced in a currency; dollars per share, euros per ounce, pounds per barrel, and so on. However pairs are different; calendar spreads, long IBM/short AAPL, cross rates like the dollar/yen, gold versus silver, small stocks versus large stocks, swaps of all sorts. Pairs are ratios, one item priced in terms of the other. Pairs have a useful statistical property, they are stationary, or, in the parlance, they exhibit stationarity. That is to say that pairs swing back and forth across some measure of central tendency rather than exhibiting unbounded growth or decline, which makes them ideal candidates for trading band approaches.

Since BBs use standard deviation as their measure of volatility, people are always asking about containment,





Gold Futures — GC — One Year

for example: "Is 95% of the data within the bands?" For non-stationary series like the prices of stocks or stock-market index values, containment can't be truly known, but for stationary series the standard estimation rules should apply over time, 68% of the data inside one SD bands, 95% inside two, and so on. Caution, math section: There is a possible problem with BB containment estimates due to too small a sample size. BBs usually use 20 periods, while 30 are required for statistical significance, but the central limit theorem suggests that the accuracy of the estimates should still hold. There is also an implementation consideration. BBs use the popula-

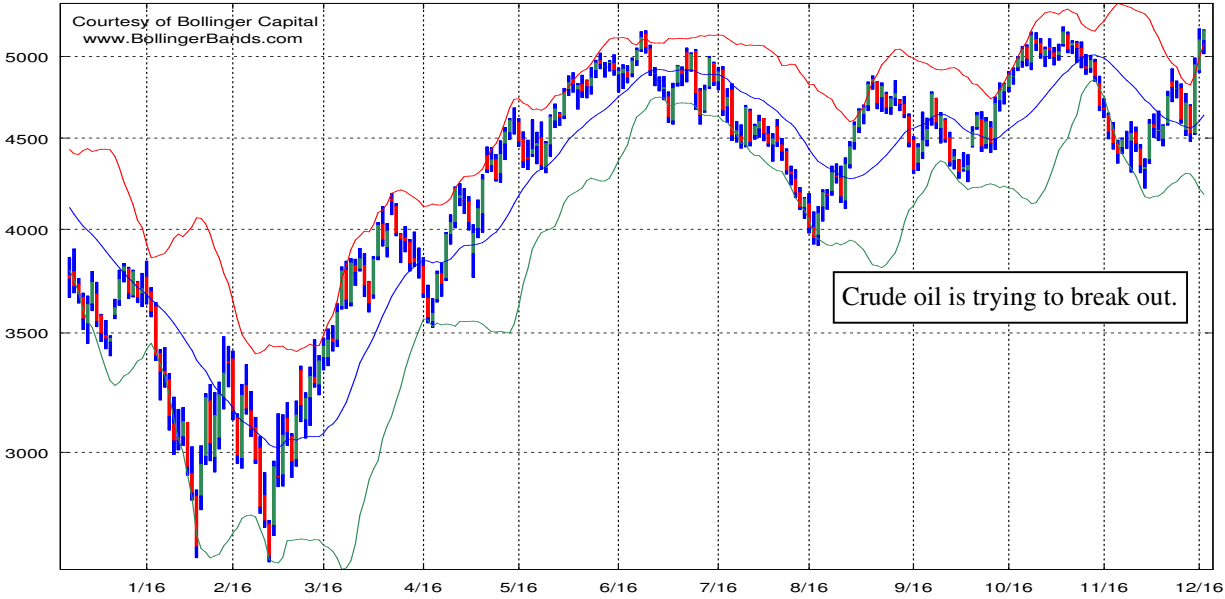
tion calculation for standard deviation, rather than the sample calculation, a divisor of n versus $n - 1$. However, that is constant over time and does not effect usage.

That's the quantitative answer, but there is a qualitative answer as well. BBs just seem to work better with pairs, a fact that has been observed by pairs traders in the stock market for decades and is perhaps the best explanation for their wide adoption in forex trading.

The newest arena for BBs is Bitcoin, where my bands have become very popular indeed. Bitcoin, in case you



Natural Gas Futures — NG — One Year



Crude Oil Futures — CL — One Year

aren't familiar with it, is a modern crypto currency. It is based on a technology called Blockchain, which is being widely adopted for a number of other purposes. I am very interested in Bitcoin and would be an active Bitcoin trader, but the total transaction costs are still rather high, though these will come down in time. Another problem is that the exchanges and custodians emerging/developing don't offer the sort of transparency that one would hope for when putting up serious money.

continue to be so. As a consequence we are closing our dollar down, UDN, position so we can revisit the strategy later without the drama and pressure of an existing position. Why close it now? Because the dollar chart is very bullish. We are breaking out of a two year consolidation pattern after a ten year plus consolidation pattern, a long-term cup and handle formation in today's parlance. The late, great Bill Doane would have instantly recognized this as the final stages of a "big base" and would most likely have come out with a higher count than the all-too-obvious 120 for the Fed's US Trade

Trump's victory has been bullish for the dollar and may



Oil Service Stock Index— OSX — One Year

Weighted Dollar Index.

Energy

OPEC agreed this last week to cut production by three percent and some producers outside of OPEC agreed to go along. The market was ahead of the news as usual and anticipated the higher energy prices that resulted from the announcement. Oil and the oil stocks now look to be well set up and we expect to see still higher prices, especially for the oil service stocks. A favorite is SLB, which is set up nicely. A bit more speculative and depressed in terms of price is National Oilwell, NOV.

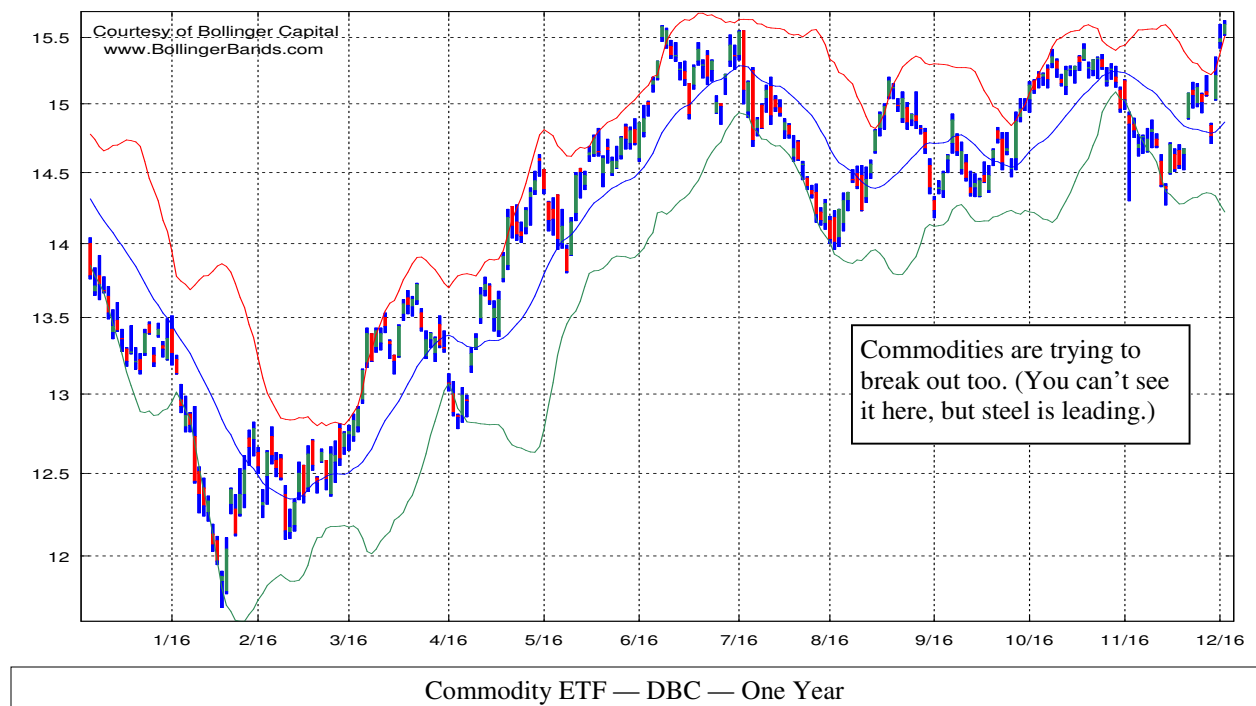
Gold

I'd really have thought that all this uncertainty from Brexit forward would have provided the perfect bullish backdrop for gold and the gold stocks. Instead, Ho Hum... Gold just isn't serving in its traditional role as a safe harbor, which has been the case for a long while. Whatever forces move gold around these days are simply unknown to me. We carry a couple of gold stocks as emergency insurance, but I am becoming a real doubter as to their real usefulness. The problem with not carrying a gold position as we have in the past, is that when gold moves, it moves fast, so it can be hard to get a position. Still, we will stand aside for a while until we see a setup with convincing risk/reward parameters. Tactics, not strategy, for gold.

Interest Rates

My first product as an analyst was an interest rate letter. That was long ago and I stumbled across a few issues of it the other day. Why an interest rate letter? I was always interested in the cost of money, feeling that it was the arbiter of many things. Over my career I saw the cost of money first rise sharply and then fall steadily; short-term rates neared 20% early on, while they are negative today in many places. We have been in a great bull market for bonds from the early '80s to 2015, nearly 35 years, and the rally in bond prices brought great wealth with it. But the bull is dead now and we are staring into the eyes of a bear. Of what proportions the bear market will be I cannot say other than to say that we will see substantially higher interest rates in coming years. Retirees will rejoice as their primary streams of income will be restored and they will no longer have to reach for yield to afford the basic necessities. However they, and the bankers who know how to deal with higher rates, are just about the only ones who will rejoice. Today people up to and including late middle age have never known anything other than a bull market in bonds and steadily falling interest rates; they are not prepared emotionally or practically to deal with a prolonged bear market. Let me offer a real-life example.

I have been looking to diversify by investing in commercial real estate. Recently a friend asked me to participate in the purchase of an office building in a good area. The property is attractive and the valuation and



capitalization rates are as good as can be expected in this market. In addition to the income generated, there seems to be some upside potential for rents and property value. The property comes with an existing loan with very tough defeasance terms, which means you can't just pay it off and refinance. The loan has two-and-a-half years to run, so in the middle of 2019 you will have to get a new loan for the property or sell. In finance terms, if you undertake the transaction along with being long the property and short the loan, you are short an at-the-money call option on commercial mortgage interest rates with a notional value of 60% of the purchase price. The guy that offered it to me is younger than I am and has never known a bear market in bonds, but I have and I know just how much havoc being short an interest-rate call option that can't be reasonably hedged can cause. The bottom line? Though we agree on most everything about the property, he is willing to go ahead with the purchase and I am not. I hope it works out for him as he is a good guy, but I am not willing to mortgage my future in that manner. As the trading floor cynic is wont to quip "He who sells what is'n his'n, must buy it back or go to pris'n."

View from the Beach

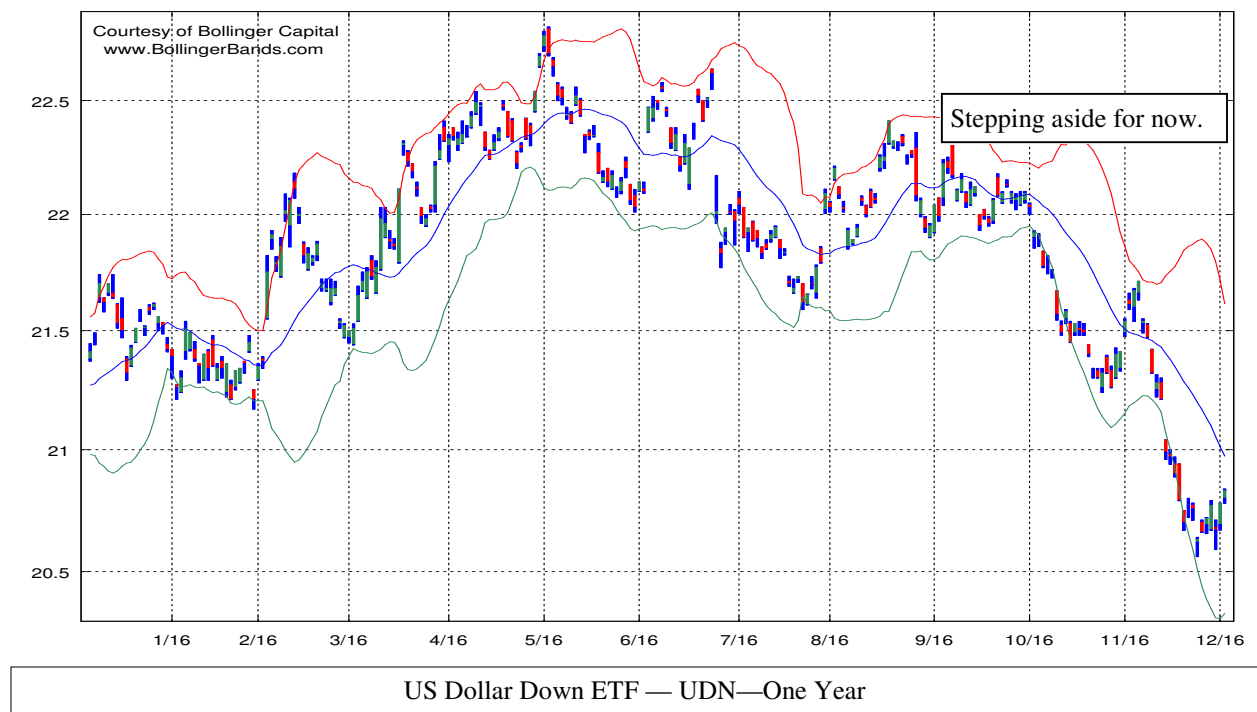
Like it or not, Donald Trump is our president elect. He may have run by his own rules, but he won the contest by the published rules of the game. So it is now his turn and we owe it to him, to ourselves and to our country to let him get on with the job. The media continues to tar

and feather him on a daily basis; not a day goes by without the *New York Times* and the *Washington Post* publishing something negative about him on their front pages or NPR backhanding him. On the 20th of January 2017 he will be sworn into office as our 45th president and we need to let him promulgate and execute his vision for the country, just as we need to pull together and support him. The time to choose is past, the time to work together is now.

The interesting part is that the story isn't playing at all as expected, so we need to pay attention to what is actually happening rather than what was expected or punditized. In two years there will be another national election and if we don't like what he has done in the interim, we will have a chance to change control of Congress. Then two years later we will have a chance to chose someone else if he has not done a good job. In the interim, we have a nation to preserve, an economy to grow, and a country to protect. These will be challenging times, perhaps very challenging times, so we need to pull together. The die has been cast, now it is time to help the process unfold.

I am no fan of the Electoral College. It is an outdated mechanism that should have been abolished long ago. If I had my druthers, we would have single party primaries where Democrats choose Democratic candidates and so on, with at least one candidate from each party appearing on the ballot for each office; direct democracy at all levels and an end to gerrymandered districts. I believe that just those reforms would go a long way toward re-

Continued on page 15



GroupPower

Sector Ranks

Statistics

Name	Momentum			\$\$ Flow	Breadth	
	Short	Inter.	Long			
Basic Materials	1.72	2.25	2.50	47.2	10-day Open Arms Index	1.01
Energy	1.62	0.99	0.85	31.2	10-day Open Adv / Dec	1.22
Transportation	1.62	2.22	2.24	36.8	High-Low Index	93.3
Financial	1.59	2.29	2.32	76.0	High Low Logic Index	0.99
Industry	1.50	2.19	2.26	65.6	Percent Above Average	
Healthcare	0.80	0.23	0.08	41.6	Percent above 10-day moving average	41.38
Consumer Cyclical	0.79	1.29	1.16	54.4	Percent above 50-day moving average	68.47
Telecommunications	0.65	0.56	0.54	61.6	Percent above 200-day moving average	75.86
Market ETFs	0.58	0.77	0.78	76.8	New Highs and Lows	
Business	0.45	0.84	0.79	47.2	13-week new highs	4
S&P 500	0.25	0.37	0.43	N/A	13-week new lows	1
Yield	0.23	-0.05	-0.05	60.8	26-week new highs	1
Technology	0.20	0.83	1.18	76.0	26-week new lows	0
Media	0.02	0.55	0.74	56.0	52-week new highs	8
International	-0.19	-0.16	0.10	82.4	52-week new lows	2
Consumer Noncyclical	-0.30	-0.45	-0.39	48.8		
NASDAQ Comp	-0.33	0.06	0.33	N/A		

Early Warnings

Positive Warnings

Negative Warnings

Oil Refining
Canada
ETF Basic Materials
Oil Services

Software Multimedia

GroupPower

These tables derived from John Bollinger's GroupPower, a daily analytical service. There are 15 market sectors, 203 industry groups and 5,460 stocks in the GroupPower structure. 2,428 stocks are categorized into industry groups, 3,032 are currently out of groups. The sectors and groups are formed using Rational Analysis, a combination of technical and fundamental tools. In order for a stock to be in a group it must exhibit both a business fit and statistical fit.

www.GroupPower.com

GP is also available from eSignal (800-SMARKET).

A guide to using GroupPower and a listing of the GroupPower structure is available to subscribers.

Short = Short-Term Front-Weighted Momentum, 22-day horizon.

Int = Intermediate-Term Front-Weighted Momentum, 62-day horizon.

Long = Long-Term Front-Weighted Momentum, 125-day horizon

-5, -10, -20 = 5, 10 and 20 days ago.

\$\$ Flow = Money Flow Persistency. A measure of money flow designed to look out six months.

Strongest — GroupPower Ranking — Weakest

Group Name	Momentum			Money Flow	In/Out Gear	Group Name	Momentum			Money Flow	In/Out Gear
	Short	Inter	Long				Short	Inter	Long		
Spec Health Service	10.27	6.17	4.56	63.2	0.38	Personal Computers	-0.37	0.14	0.65	76.8	0.47
Oil Drilling	6.26	5.01	4.10	38.4	0.58	Farm Products	-0.40	0.45	0.90	75.2	0.25
Gas Producers	5.72	3.81	3.56	22.4	0.39	Networking	-0.42	0.79	1.55	60.0	0.89
Oil Producers	5.46	6.51	6.37	2.4	0.25	Medical Supplies	-0.45	-0.42	-0.16	78.4	0.31
Steel	4.65	6.49	6.72	68.0	0.71	REIT Retail	-0.46	-1.19	-1.15	54.4	-0.12
Oil Services	3.94	2.80	1.87	38.4	0.56	Semiconductor	-0.47	0.72	1.39	89.6	0.82
Comps Services	3.82	3.03	2.68	81.6	0.81	Cable Television	-0.47	0.57	1.25	63.2	0.83
Industrial Prod Dist	3.69	3.93	3.54	64.8	0.84	Medical Distributors	-0.50	-1.01	-1.17	41.6	0.07
Industrial Services	2.99	4.10	4.16	74.4	0.80	Telecom Infrastructure	-0.51	-0.29	-0.22	58.4	0.66
Metals Non Ferrous	2.92	3.76	3.75	47.2	0.83	ETF Bonds	-0.51	-0.66	-0.56	26.4	-0.64
Retail Office Supplies	2.88	3.16	1.51	45.6	0.88	ETF Emerging Markets	-0.53	-0.61	-0.22	76.8	-0.43
Drug Delivery System	2.80	2.20	1.14	7.2	0.65	Gaming Equipment	-0.54	1.58	2.94	72.8	0.42
Educational Services	2.77	3.72	3.02	43.2	0.75	Semiconductor Equip	-0.58	0.82	1.62	91.2	0.79
Banks Midwest	2.76	3.68	3.62	87.2	0.77	ETC Consumer NonCyc	-0.62	-0.80	-0.70	44.0	-0.43
Oil Refining	2.68	2.58	2.00	40.0	0.85	Taiwan	-0.66	-0.70	-0.26	64.8	-0.42
Banks Pacific	2.61	3.77	3.72	84.8	0.78	Food General	-0.67	-0.92	-0.77	34.4	-0.39
Title Surety Insurance	2.50	2.74	2.69	63.2	0.79	Toys Games	-0.67	-0.70	-0.60	51.2	0.30
Agricultural Machine	2.48	3.40	3.37	52.0	0.69	Textiles	-0.69	-0.22	-0.01	64.0	0.65
ETF Energy	2.48	1.75	1.45	72.0	0.45	ETF Technology	-0.71	-0.02	0.49	92.0	0.80
Vehicle Other	2.47	3.62	4.32	68.0	0.86	Latin America	-0.71	-0.50	0.16	72.8	-0.56
Wireless Communications	2.46	2.44	2.47	65.6	0.87	Dry Bulk Shippers	-0.74	0.98	1.15	12.0	0.83
Metal Fabricators	2.40	3.17	3.13	62.4	0.90	Korea	-0.76	-0.91	-0.52	83.2	-0.35
Trucking	2.40	3.52	3.35	63.2	0.71	Precious Metals	-0.82	-2.33	-1.82	42.4	-0.53
Energy Royalty Trusts	2.34	1.39	1.60	41.6	0.00	Lab Research	-0.83	-1.24	-1.21	42.4	0.05
Banks Northeast	2.30	3.23	3.09	64.8	0.75	Alcoholic Beverages	-0.86	-0.86	-0.76	56.8	-0.11
Health Care Plans	2.09	2.27	1.99	63.2	0.89	ETF Health	-0.88	-0.75	-0.63	56.8	0.40
Banks Southeast	2.08	3.20	3.32	93.6	0.78	Software Dev Sys	-0.94	-0.04	0.51	81.6	0.87
Mining Diversified	2.04	3.45	3.93	64.0	0.58	Internet Info Prov	-0.95	-0.21	0.57	80.0	0.46
World Oil Companies	2.02	1.55	1.59	53.6	0.20	REIT Health	-0.95	-2.11	-1.92	58.4	-0.34
Industrial Elec Equip	2.01	2.67	2.74	61.6	0.87	Software Health	-0.96	-1.36	-1.56	54.4	-0.10
Banks Southwest	1.98	3.29	3.56	77.6	0.75	Adv Medical Devices	-0.97	-0.68	-0.06	72.0	0.28
Banks Major	1.96	2.94	2.82	55.2	0.69	Agricultures	-1.15	-0.90	-0.71	53.6	-0.46
Recreational Vehicles	1.93	2.46	2.46	64.8	0.79	India	-1.22	-1.53	-1.08	66.4	-0.63
Construction	1.86	2.60	2.77	90.4	0.86	France	-1.23	-1.88	-1.82	35.2	-0.72
Russia	1.86	3.07	3.56	69.6	0.53	Soft Drinks	-1.28	-1.54	-1.40	51.2	-0.56
REIT Lodging	1.85	1.27	0.99	56.8	0.76	Diverse Drugs	-1.34	-1.43	-1.16	20.0	-0.08
Food Wholesalers	1.84	2.33	1.92	62.4	0.76	Software Multimedia	-1.39	-0.64	0.06	68.8	0.32
Banks Mid Atlantic	1.83	3.00	3.03	79.2	0.79	Clothing and Fabrics	-1.42	-0.92	-0.96	50.4	0.61
ETF Finance	1.83	2.57	2.53	83.2	0.76	Spain	-1.43	-1.29	-1.07	70.4	-0.69
Railroads	1.81	2.12	2.11	68.8	0.85	Software Business	-1.44	-0.72	-0.08	81.6	0.52
Fertilizer	1.76	1.86	1.34	33.6	0.76	Energy Market Dist	-1.63	-2.62	-2.46	32.0	-0.28
Retail Transport	1.75	2.09	1.95	67.2	0.86	Biotech	-1.64	-1.16	-0.74	28.8	0.43
Coal	1.75	3.19	4.24	75.2	0.61	Meat and Dairy	-1.65	-1.45	-1.03	53.6	-0.56
Household Products	1.72	1.33	1.40	84.0	0.82	Movies Studios	-1.76	-0.15	0.45	83.2	0.69
Oil Tankers	1.61	0.63	-0.07	4.8	0.31	Personal Care	-1.79	-1.97	-1.33	58.4	-0.50
Retail Specialty	1.59	1.68	1.60	47.2	0.85	IT Security	-2.18	-0.90	0.04	51.2	0.46
Employment Services	1.57	2.07	1.76	49.6	0.91	Mexico	-2.28	-2.36	-1.97	60.0	-0.67
Brokers	1.57	2.59	2.58	65.6	0.88	Solar Energy	-2.63	-2.32	-2.48	12.8	-0.40
Lodging	1.54	1.78	1.58	79.2	0.81	Hospitals	-2.68	-4.58	-4.72	44.0	-0.29
Auto Parts	1.53	1.49	1.41	58.4	0.87	Brazil	-2.71	-1.63	-0.21	69.6	-0.42
Communication Service	1.52	1.34	1.16	78.4	0.88	Prescript Benefit Mgt	-5.08	-5.56	-4.47	59.2	-0.59
Major Oil Companies	1.46	1.05	1.02	74.4	0.05						

Sector Selector ETF Portfolios (Experimental)

Exp. ETF Portfolios	Symbol	Date	Purchase Price	Current Price	Dividends	Return	Rank
		Selected	Price	Price			
Style							(# in 21)
Core Value	IUSV	10/14/2016	45.28	48.16	0.00	6.36%	4
MidCap Value	IJJ	10/14/2016	130.59	143.43	0.00	9.84%	2
Russell 2000 Value	IWN	9/2/2016	104.68	114.82	0.00	9.69%	1
International							(# in 24)
Brazil	EWZ	6/24/2016	27.51	31.68	0.00	15.16%	11
Russia	RSX	4/8/2016	16.85	19.84	0.00	17.74%	1
Hong Kong	EWK	9/23/2016	21.56	20.74	0.20	-2.87%	10
Sector							(# in 27)
Technology	IGN	9/9/2016	39.22	42.32	0.05	8.05%	6
Software	PSJ	8/8/2016	45.47	46.65	0.00	2.60%	14
Semiconductors	SOXX	10/7/2016	113.43	114.95	0.00	1.34%	9

Portfolio

Slot	Name	Symbol	ET Rating Stock	Group/Power Group	ET Rating Group	Entry Date	Entry Price	Current Price	Divid.	Total Return	Mental Stop	Action
Core Portfolio - US Equities												
1	S&P 500	SPY	2	Large Cap	1	10/19/15	203.20	219.68	4.42	10.3%	210.00	Hold
2	Russell 2000	IWM	1	Small Cap	1	11/02/15	118.21	130.90	1.79	12.2%	117.00	Add
3	Russell 1000 Growth	IWF	3	Large Cap	1	11/12/15	98.76	103.15	1.46	5.9%	101.00	Hold
4	S&P 500 Value	IVE	1	Large Cap	1	03/21/16	90.09	99.57	1.66	12.4%	93.00	Hold
5	British Petroleum	BP	3	Oil Major	2	03/21/16	31.43	35.48	1.20	16.7%	32.00	Hold
6	S&P MidCap	MDY	1	MidCap	1	04/18/16	267.64	295.99	1.96	11.3%	272.00	Add
7	Chevron	CVX	2	Oil Major	2	08/08/16	101.15	113.00	2.15	13.8%	99.00	Hold
8	Oil Services HOLDR	OIH	2	Oil Service	2	08/08/16	28.87	33.44	-	15.8%	27.00	Hold
9	Finance	XLF	1	ETF Finance	1	10/08/16	19.75	22.65	-	14.7%	19.00	Hold
10	National Oil Well	NOV	2	Oil Service	2	12/05/16	37.89	37.89	-	0.0%	31.00	Buy
11	Russell 100 (Equal)	EQAL	2	Large Cap	1	12/05/16	26.69	26.69	-	0.0%	25.50	Buy
Core Portfolio - International												
1	Japan	EWJ	2	Japan	2	12/14/12	44.99	49.62	0.48	11.4%		Hold/Add
1	World	VEU	3	International ETF	3	10/19/15	45.53	43.67	0.95	-2.0%		Hold
Core Portfolio - Dollar Diversification												
1	Dollar Down ETF	UDN	3	Bear Yield	3	07/18/16	21.71	20.83	-	-4.1%		Hold
Core Portfolio - Yield												
1	Barclays High Yield	JNK	3	High Yield	3	02/20/09	29.17	36.01	20.30	93.1%		Hold
2	iShares High Yield	HYG	3	High Yield	3	02/20/09	69.98	85.38	40.22	79.5%		Hold
3	PS Finan. Preferred	PGF	3	Yield	3	03/13/09	8.35	17.94	9.41	227.5%		Hold
Core Portfolio - Speculation												
1	VIX Inverse	XIV	2	Bull Market	1	10/06/15	27.29	41.85	-	53.4%		Add

Portfolio Notes: I don't know how it happened, but I have had an incorrect entry price for EWJ since January of 2013. It is corrected now; my apologies. We are adding NOV and EQAL to the Core Portfolio. Feel free to add to MDY, EWJ and XIV. The Value Line Plan is in the market with a sell stop of 492.74. The Value Line Geometric Average stands at 497.05. There were no changes to the ETF portfolios this week. In this environment if you are going to err, err on the side of more stocks, not less. Happy Holidays!

John Bollinger's Capital Growth Letter is published monthly by Bollinger Capital Management, Inc., P.O. Box 3358, Manhattan Beach, CA 90266.; Phone: (310)798-8855 Website: www.BollingerBands.com E-mail: BBands@BollingerBands.com Subscription rates: \$300 a year, 3-issue trial subscription: \$50. This newsletter contains information obtained from sources we fully believe to be reliable; however we do not guarantee accuracy. Although opinions expressed herein are based on sound judgment and research, no warranty is given or implied as to their true reliability. The responsibility for decisions made from information contained in this newsletter lies solely with the individual making those decisions. It should not be assumed that recommendations made in the future will be as profitable or equal the performance of the securities in this list. Officers of Bollinger Capital Management, Inc. may at times have positions in securities mentioned. Entire contents copyright 2016. Reproduction of any kind, including photocopying, reposting or redistributing without express prior permission from Bollinger Capital Management, Inc. is unlawful and strictly forbidden.



Summation Index—Traditional Formulation—Source StockCharts



Summation Index—Ratio Formulation—Source StockCharts

storing fairness, confidence and belief in our system. Finally, I would like to see only living US citizens casting ballots.

Happy Holidays

With the holiday season approaching, please accept our best wishes for a Happy Holiday Season and a healthy and prosperous 2017!

Appearances

My Bollinger Bands Channel on YouTube offers a lot of free Bollinger Bands education.

see <https://www.youtube.com/channel/UC26gO6DZGr0WUddKnUB1cDQ>



Soaring