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Monthly Update

2009, volume 3, Year 16, March 2009

Tradable Rally

Our buy signals lit up from 3/10/09 to 3/16/09 for nearly all the long funds and indexes we follow. Similarly, we computed sell signals for most of the short funds we monitor. We think our new signals are valid for at least a tradable rally. This rally might even signal the end to the bear market. One reason this might not be the end of the bear is that short traders often need to test a bottom twice. The short traders continue to test for a bottom until the weak long investors, who will sell out, have sold out.

Many nonprofessional individual investors are now out of the market due to their "get me out at any price" desperation. Their lack of timing acumen is one reason they usually receive about 1/3 of S&P500 returns, e.g. they tend to sell at market bottoms and buy at market tops.

Our absolute momentum (HVI) comparison for the style box on page 2 indicates that large cap stocks beat value stocks, and value stocks beat growth stocks. Our sector line up this month is precious metals first, then semiconductors, and financial stocks. Emerging markets are also quite strong.

The Fed continues to print dollars to inflate our money supply to rescue insolvent banks. This is a primary reason why the US dollar is weak.

We have new buys on S&P500, NDX, and a continued buy on gold/precious metals, see page 1. Due to the recent massive Fed commitment to buy long-term bonds, we have a hold on bonds.

Because the markets can turn quickly, be ready. May the market be with you! (March 22, 2009)