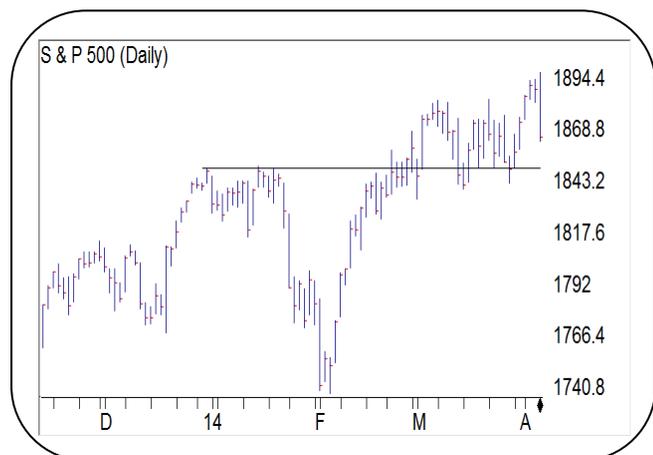


APRIL 5, 2014

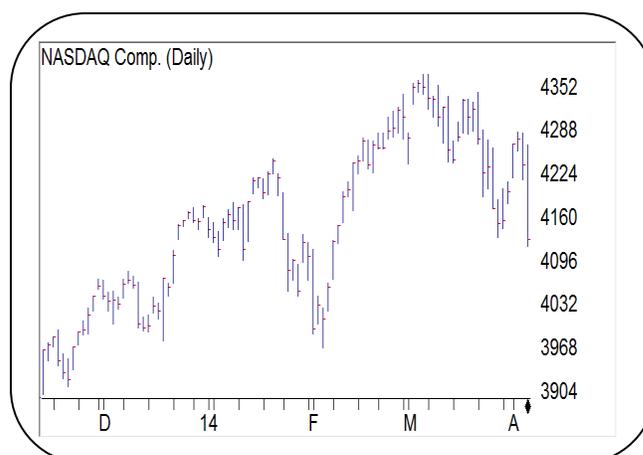
Large Company Stocks



Support **1839**
Resistance **1884**

AIQ Unconfirmed Signals: **86% Sells**
VIS Alert Signal: **Bearish on Feb. 15**

Nasdaq Composite



Support **3968**
Resistance **4375**

Rel. Strength Favors: **SPX over Nasdaq**

MARKET OPINION

BEARISH



BULLISH

I can't recall a time where there was such a disparity between growth and value stocks. Growth stocks are under severe selling while value stocks are near their highs. The question is whether there is just an internal correction in the market, or is the Nasdaq, which typically leads the market, saying that value stocks will eventually succumb to the correction?

I'm not sure when or if value stocks will start to be sold, but I don't see a big upside in value stocks right now simply because stocks are overbought. Currently 86% of the stocks are giving unconfirmed AIQ sell signals. Even though it wouldn't take much for the Dow and S&P 500 to hit new highs, I don't view this as a very profitable market so there is no reason to get aggressively invested. The S&P 500 is overstating the strength of stocks.

Surprisingly, our Advance Decline Line calculated on the S&P 1500 stocks is doing just fine. It reached a new high on April 2. There must not be many of the Nasdaq high-flyers in the S&P 1500. This activity points to a continued bull market.

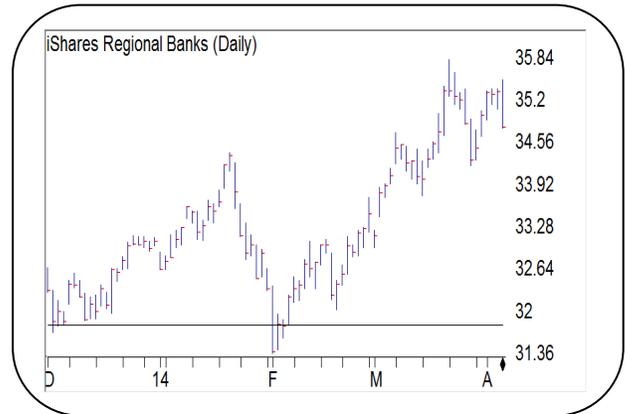
International stocks are taking the leadership. Europe is doing well, maybe because it is entering its phase of QE. Emerging market stocks, which have lagged for a couple years, are doing well. Italy (EWI), India (INDA), and Greece (GREK) are the strongest.

Here are securities of note: Good dividend plays in this value investing climate are British Petroleum (BP) and General Electric (GE). A comfortable equity ETF is ProShares S&P 500 Aristocrats (NOBL), which holds S&P 500 companies that raise their dividends every year. Easy come ... easy go for E*Trade (ETFC). It gave back a month's gain in two days. Health Care REIT (HCN) has an attractive pattern. Solar City (SCTY) has an unattractive Money Flow.

INDUSTRY GROUP & INT'L ANALYSIS

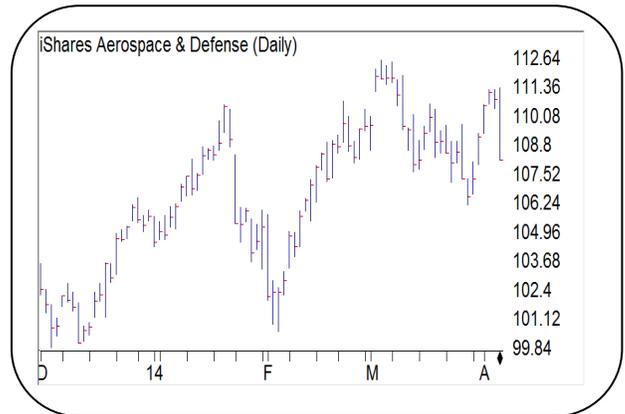
The following exchange-traded funds are selected based on a six month relative strength calculation and a 240-day price calculation. These are the two screening criteria used in the book, *Exchange Traded Profits*. For information, visit www.ETFtradingstrategies.com.

Based on a six month relative strength report, the top five iShares sector and int'l region ETFs are Regional Banks (IAT), Transportation (IYT), Medical Devices (IHI), Aerospace & Defense (ITA), and Oil & Gas Expl (IEO). Aerospace & Defense (ITA) and Broker Dealers (IAI) are held.



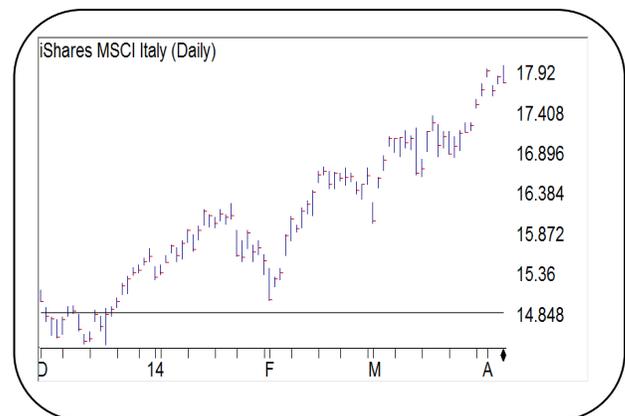
(This corresponds to "Sector ETFs" in the Strategy page of www.ETFtradingstrategies.com).

Based on a one-year price change report, the best two performing iShares sector & int'l region ETFs are Broker Dealers (IAI) and Aerospace Defense (ITA). IAI and ITA are held.



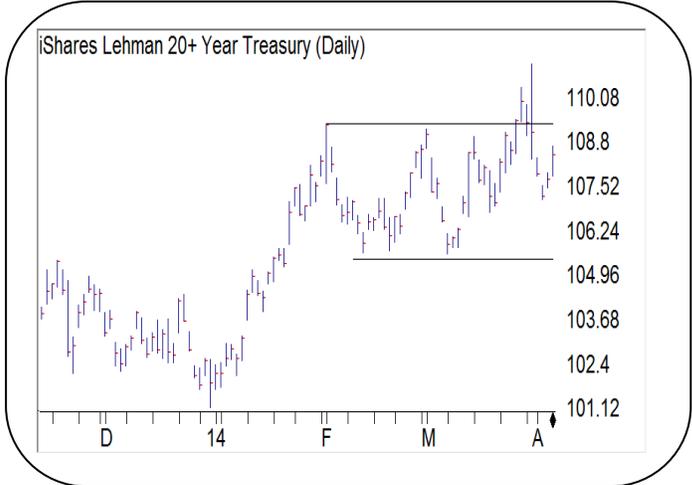
(This corresponds to "Super Simple Strategy #2" in the Strategy page of: www.ETFtradingstrategies.com).

Based on a six month relative strength report, the top five country ETFs are Italy (EWI), India (INDA), Greece (GREK), Israel (EIS) and Spain (EWP).



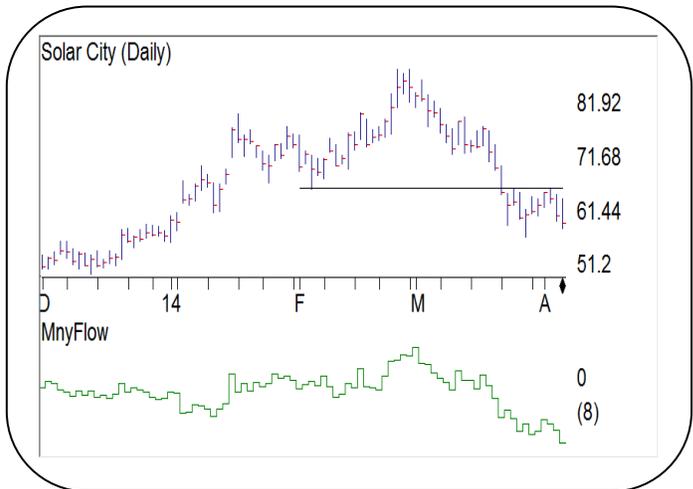
BULLISH SPOTLIGHT

I can't make a fundamental case in favor of Treasuries. Still, its chart is constructive. Why could bonds rally. If there is a stock market correction (growth and value stocks falling) then I can see temporary money moving to this ETF. Buying TLT is a way of preparing a portfolio for an equity correction.



BEARISH SPOTLIGHT

Solar City (SCTY) is one of the many growth stocks that are under selling pressure. SCTY fell below a minor resistance in mid-March, tested the level again this week, and then fell further. Its Money Flow is weaker still. I'm not expecting a big move lower but another 10% drop shouldn't come as a surprise.



MODEL PORTFOLIO

The following portfolio trades Exchange Traded Funds (ETFs). The portfolio will always be fully invested so the portfolio returns assume a fully invested portfolio. For those who prefer to incorporate market timing, we indicate how much cash should be held.

Weighting Security Buy Date Return

Those who want to reduce volatility by incorporating market timing should be 100% cash.

Year to date return: 2014: -3.59% 2003 through 2013: 153.46%

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