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Vomund Investment Services

MARKET CHARTS

APRIL 2, 2011

Large Company Stocks



Support **1249**
Resistance **1345**
AIQ Unconfirmed Signals: **98% sells**
VIS Alert Signal: **Bullish on March 17**

Nasdaq Growth Stocks



Support **2600**
Resistance **2840**
Rel. Strength Favors: **SPX over Nasdaq**

MARKET OPINION

BEARISH



BULLISH

Looking at the style indexes, the mid-cap and small-cap indexes reached new 2011 highs on Friday. For the first time this year, a style index reached double digit returns for 2011. iShares Mid-Cap Growth (IJK), a *Model Portfolio* holding, is up 10.09%. Needless to say, last week was a spectacular one for stocks.

It's nice to see mid-cap and small-cap indexes outperforming because that shows the risk trade is on. This can also be seen in iShares Emerging Markets (EEM), which leaped over 4% last week. Some country ETFs (South Korea, Thailand, Philippines, and Turkey) all have double-digit returns over the last month. Market Vectors Russia (RSX) broke above a March resistance on Friday.

The unemployment report shows an improving economy. Deep cyclical stocks like Caterpillar (CAT), Cummins Inc. (CMI), Deere (DE), and Int'l Paper (IP) are exceptionally strong, also pointing to a strong economy.

Several of the high yielding stocks that we've been recommending are hitting new highs. Verizon (VZ), AT&T (T), and MDU Resources (MDU) are acting like growth stocks. I suggest taking these off the buy list and only enter on pullbacks. Of these stocks, my favorite is MDU Resources.

I placed Corning Inc (GLW) as a repeat *Bearish Spotlight*, but I could have also listed iPath Coffee (JO). It not only shows a head-and-shoulders top but it also has a descending triangle pattern. I expect lower prices ahead.

With 98% of the stocks with unconfirmed AIQ sell signals, I expect a market retreat this coming week. With an all-stocks Advance/Decline Line hitting new highs, pullbacks should be bought instead of sold. It is a bull market.

Here are stocks of note: EMC Corp (EMC) has strong resistance at \$33. It should be bought on a break above that level. Weatherford Int'l (WFT) is playing catch-up to other energy issues after it gapped lower on March 2 from accounting errors. Apple (AAPL) fell below and triangle pattern in mid-March and has moved back to that trading range. It's time to lock in big profits.

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, *ETF Trading Strategies Revealed*. For information, visit www.ETFtradingstrategies.com. That web site also details the ETF rankings every week (the rankings slightly vary from this reporting as the web uses an EDS model and here we are using AIQ Reports).

Based on a six month relative strength report, the top five iShares sector and int'l region ETFs are Oil Equip. & Svs (IEZ), Oil & Gas-Expl and Prod (IEO), Energy (IYE), Natural Resources (IGE), and Healthcare Providers (IHF). IEZ and IYE are held.



(This corresponds to the Chapter 6 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 Oil Equipment & Svs. (IEZ) and Oil & Gas Exploration & Production (IEO). IEZ and IEO are held.



(This corresponds to the Chapter 8 in the Strategy page of www.ETFtradingstrategies.com).

Based on a six month relative strength report, the top five iShares country ETFs are Russia (RSX), South Korea (EWY), Thailand (THD), Poland (EPOL), and Canada (EWC).



BULLISH SPOTLIGHT

This week's selection is a repeat buy on a previous *Bullish Spotlight* selection. PowerShares Commodity Index (DBC) hit a new high on Friday after a sideways March. Although this ETF is moderately correlated to the S&P 500 it adds diversification to an equity portfolio. It will also be a portfolio saver when inflation heats up. DBC looks like it will move higher.



BEARISH SPOTLIGHT

This week's selection is a follow-up on a previous *Bearish Spotlight*. We featured Corning Inc. (GLW) about a month ago as it broke below its February lows. Since then GLW rallied back to resistance testing its breakdown. The test was unsuccessful and it is set to drop to below its March lows. GLW should be avoided.



VIS ALERT 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. If you prefer to trade mutual funds instead of ETFs, the ProFunds family has funds that match our portfolio holdings. For information on ProFunds, visit www.profunds.com.

<u>Weighting</u>	<u>Security</u>	<u>Buy Date</u>	<u>Return</u>
50%	Mid-Cap SPDR (MDY)	02/22/11	2.26%
50%	Mid-Cap Growth (IJK)	09/07/10	33.33%

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

Year to date return: 2011: 7.50% 2003 through 2010: 70.96%

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