

West Coast Cycles

Dec 8, 2009

Don Rasque

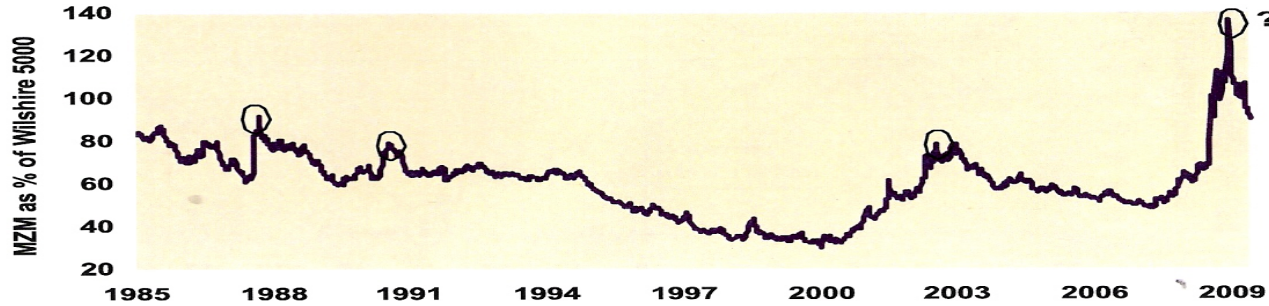
Using McClellan Oscillator for
improving “buy in price” for market
trending stocks and/or ETFs

Overview

- Deep negative McClellan Oscillator reading spikes can aid in timing buy points for stable market trending stocks , Mutual Funds and or ETFs
 - Lower buy in price
 - Generally a negative 175 or greater using the TC2000 scaling (Close to McClellan web site)
 - Or a negative reading of negative 70 with StockCharts.com (Ratio Adjusted)
 - Use as aid along with “where stock is” relative to 50 day MA where institutions buy in
- To use the technique you need to first make a decision on major market trend
 - Generally not useful after start of powerful bull move: however can help in identifying a major market bottom
 - Most useful during sideways and or up trending market moves over longer periods of time
 - Like the 2004 through 2006 market period
 - Can be useful in Bear market moves if you have a strong conviction on a stock but just want to buy it cheaper
- Need system to identify stable market trending stocks or ETF’s
 - Combinig IBD 100 with Value Line 100 good starting point
 - Best long term results when your convinced of Strong Business model for stock
 - Market Index ETFs and major Sector Index ETFs good starting point for ETFs
 - Investor Business Daily ranks ETFs by Relative Strength and good source
 - X2 and X3 leveraged ETFs for swing traders; however volatile

Cash on Sidelines Peaked in March

Another Great Bear Market Finale Signal?



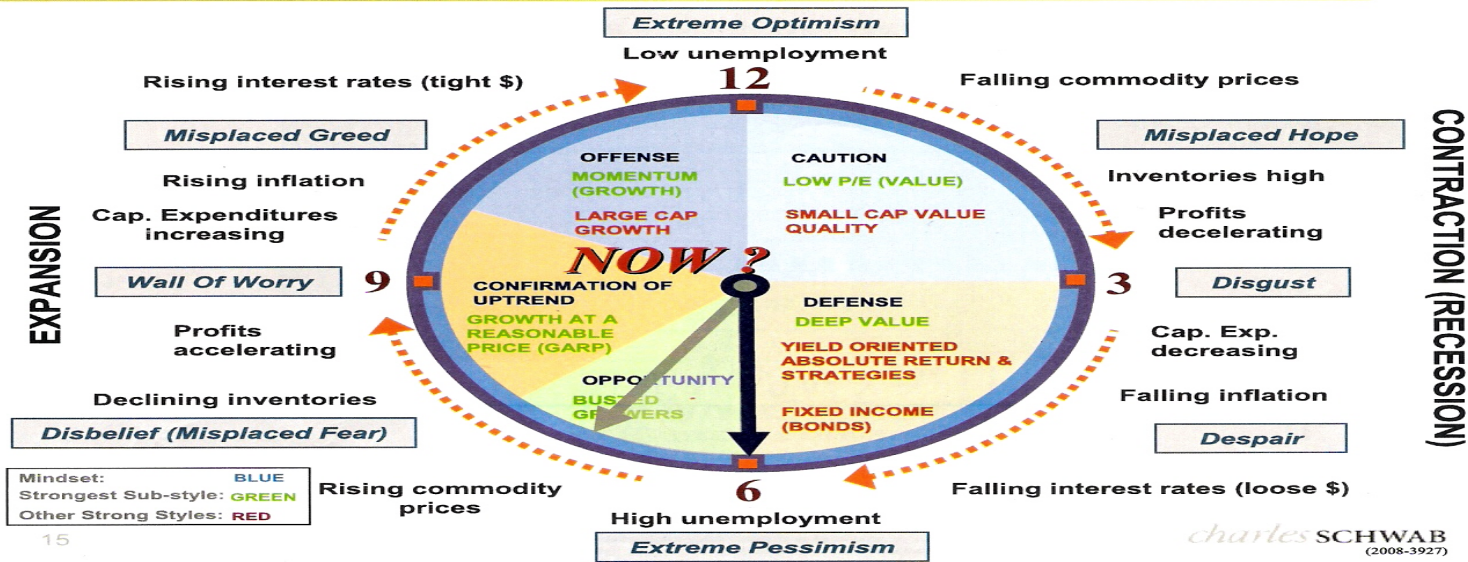
Circles indicate bear market end

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As of 8/09. Source: FactSet, Federal Reserve.

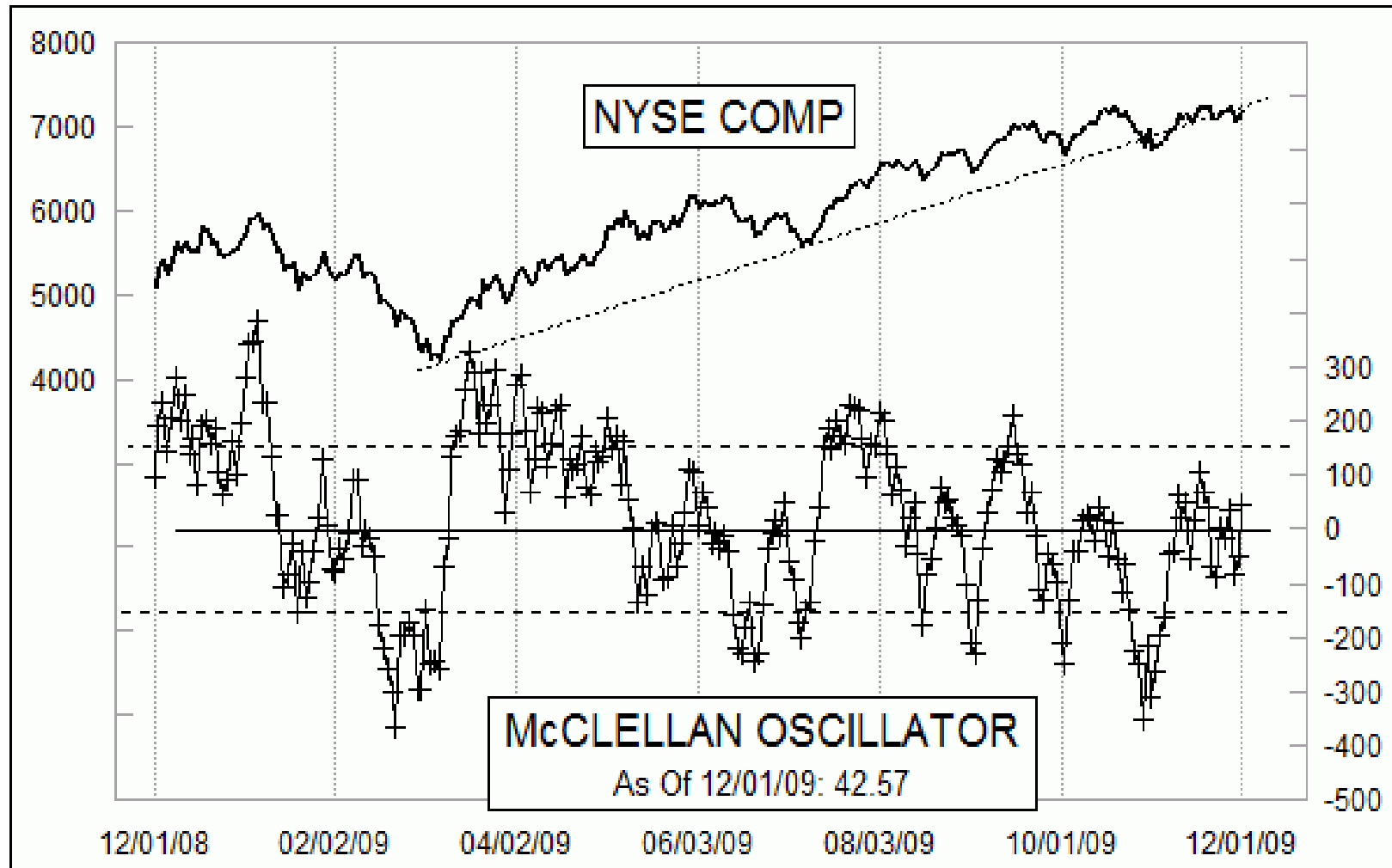
charles SCHWAB
(2009-7530)

Style Cycle – The Stock Clock



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Recent McClellan Oscillator history



Stable Market Trending Stocks and/or ETFs

- Selected Stock Common Characteristics
 - Value Line Rank 1
 - IBD Top 100
 - Vector Vest Top 100 VSTs
 - New Buy by Top Performing Mutual Funds
- Stocks Selected
 - Cognizant Technology- CTSH
 - F5 Networks - FFIV
 - Netflix, Inc- NFLX
 - Nu Skin Enterprises – NUS
 - Tupperware Brands – TUP
- ETF's
 - Technology Bull 3X -TYH
 - I shares S & P 500 – IVV
 - I shares Emerging Markets - EEM

TC 2000 Chart Program

- Import Value Line 1s, IBD 100 and Vector Vest Top VSTs into Watchlists
- Can identify commonality between lists rapidly with a few clicks of the mouse
- Can plot Mc Clellan Oscillator as comparison chart for easy reference
- Other Technical indicators
 - 50 day or 10 week moving average reference that Institutional investors seem to use to establish positions
 - Money stream
 - Volume and On balance volume