

LESSONS LEARNED

1. Always sell when the 3 week moving average crosses below the 40 week moving average and the latter is falling.
2. Take no new positions and move toward cash when condition 1. above is met for the SP-500.
3. Always sell when price exceeds 150% of the 40 week moving average (at the very least, place a moving stop at last week's low).
4. Accept "trading" as the only reasonable defensive strategy.
5. Be fully invested only when market conditions warrant the risk; move to cash when market conditions imply defensive play.
6. Buy fundamentally sound stocks when their 3 week moving average crosses above the 40 week moving average and the latter is rising.

Notes: Condition 2. Was met in the first week of January, 2008.

Stock peaks: APH.....52, august
BUCY....79, june
CEDC....78, july
FCX.....127, may
GLW.....28, may
IBM.....131, july
LMT.....120, august
MCD.....67, august
MON.....145, june
NE.....69, june
NVO.....74, april
ORCL.....24, august
RIG.....162, may
SLB.....112, july