

Update #1874 - Monday, December 7, 2015

## Model Recommendations

Model / Changes / Holdings	As of 12/04/15	
<b>ETF Dividend &amp; Income</b> Most recent recommendation on 1/5/15. <i>Holdings:</i> AMJ, BSJG, BSJH, BSJI, BSJJ, DEM, HDV, PCEF, PID, RWO, SPLV, TDIV, VIG, and Cash	-0.7% wk	-5.2% ytd
<b>ETF Strategic Allocation</b> Most recent recommendation on 12/9/13. <i>Holdings:</i> BND, BWX, EMB, IEMG, IXUS, RWO, SJNK, TIP, USCI, VB, VQT, VTI, and Cash	-0.1% wk	-2.2% ytd
<b>ETF Tactical Growth</b> Sell iShares Select Dividend (DVY) Buy 14% Schwab US Dividend Equity (SCHD) <i>Holdings:</i> PGX, SPHD, IVW, OEF, DXJ, SCHD, and DXGE	-0.5% wk	-6.4% ytd
<b>ETF Sector Rotation</b> Most recent recommendation on 11/23/15. <i>Holdings:</i> PGF, FDN, IYJ, and XLY	-0.2% wk	-13.5% ytd

**Note:** Performance reflects new recommendations executed at the closing price on the day the recommendation is made. **You may place trades as soon as you receive this update.**

## Commentary

### End of ZIRP?

Fed watchers now have something new to worry about. Some have been disappointed for a number of years, wanting the Fed to get rid of its zero-interest-rate policy ("ZIRP") and raise rates. Based on the November employment reports and comments from Fed Chair Janet Yellen, it appears those wanting a rate hike will get their wish at the conclusion of the December 16 FOMC meeting.

Meanwhile, the European Central Bank appears to be going in the opposite direction by continuing to lower rates and inject additional stimulus into the financial system. Despite last week's jump in the euro, this should continue to put upward pressure on the U.S. dollar and downward pressure on the euro. Reports are surfacing that the brief countertrend move in currencies last Thursday caught many hedge funds and currency traders off guard.

You may have heard that, although the U.S. has been pursuing a ZIRP, some countries have negative interest rates. Unfortunately, that does not mean these countries are going to pay you to borrow money. If that were the case, I think we would all be willing to borrow a few billion dollars. Instead, it means that central banks are charging a fee for overnight deposits instead of paying interest. Additionally, some institutions with huge cash hoards are willing to pay various governments a small fee for safeguarding their cash for 30 or 90 days. When your account balance is well beyond what might be covered by depositor insurance, the safest bet is short-term government securities, even if they have a slightly negative yield.

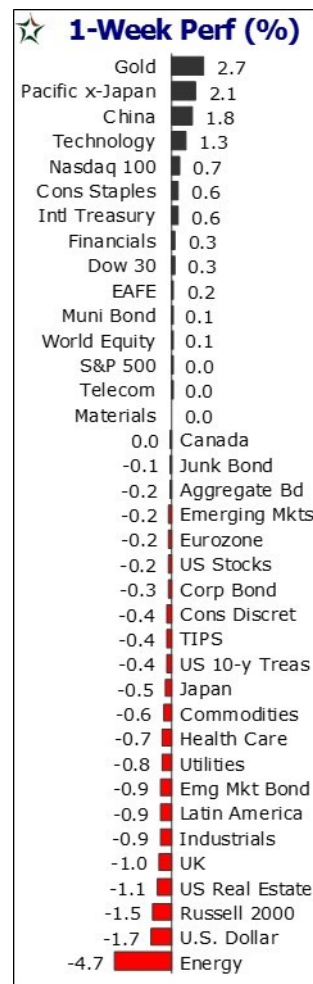
Last Friday's employment reports indicated that employers added 211,000 people to their payrolls in November, which was right in line with the 210,000 monthly average for the year. The official U-3 unemployment rate held steady at 5.0%. However, the U-6 underemployment rate, the nation's broadest unemployment measurement, remains stubbornly high and increased from 9.8% to 9.9%.

The **ETF Dividend & Income** model lost 0.7% for the week and is down 5.2% year-to-date. The Guggenheim BulletShares High Yield Bond ETFs went ex-dividend, with 2016 (BSJG) paying \$0.0576 per share, 2017 (BSJH) \$0.0762, 2018 (BSJI) \$0.0941, and 2019 (BSJJ) \$0.1069. Top performers included First Trust Technology Dividend (TDIV) +1.2%, Guggenheim BulletShares 2019 High Yield Bond (BSJJ) +0.8%, and Vanguard Dividend Appreciation (VIG) +0.2%. Laggards included SPDR Dow Jones Global Real Estate (RWO) -0.3%, PowerShares International Dividend Achievers (PID) -2.4%, and JPMorgan Alerian MLP ETN (AMJ) -10.7%.

The **ETF Strategic Allocation** model decreased 0.1% for the week and is down 2.2% year-to-date. Vanguard Total Bond Market (BND) went ex-dividend at \$0.16694 per share, SPDR Barclays Short-Term High Yield (SJNK) will pay \$0.131542, and iShares JPMorgan USD Emerging Markets Bond (EMB) will distribute \$0.42546 per share. Top performers included United States Commodity Index Fund (USCI) +1.5%, SPDR Barclays International Treasury Bond (BWX) +0.6%, and Barclays ETN+ S&P VEQTOR ETN (VQT) +0.2%. Laggards included iShares TIPS Bond (TIP) -0.4%, iShares JPMorgan USD Emerging Markets Bond (EMB) -0.8%, and Vanguard Small-Cap (VB) -1.3%.

The **ETF Tactical Growth** model shrunk 0.5% for the week and is down 6.4% year-to-date. Gaining positions included iShares S&P 100 ETF (OEF) +0.2%, iShares S&P 500 Growth (IVW) +0.1%, and WisdomTree Japan Hedged Equity (DXJ) +0.1%. Losing positions included PowerShares S&P 500 High Dividend Low Volatility (SPHD) -0.2%, PowerShares Preferred (PGX) -0.2%, iShares Select Dividend (DVY) -0.7%, and WisdomTree Germany Hedged Equity (DXGE) -3.0%. The market is favoring dividend growth over current yield, so the model will sell iShares Select Dividend (DVY) and buy a 14% allocation of Schwab US Dividend Equity (SCHD).

The **ETF Sector Rotation** model declined 0.2% for the week and is down 13.5% year-to-date. First Trust DJ Internet (FDN) gained 0.7%, PowerShares Financial Preferred (PGF) slipped 0.2%, SPDR Consumer Discretionary Select Sector (XLY) fell 0.3%, and iShares U.S. Industrials (IYJ) gave back 1.2%.



**The next scheduled update is: Monday, December 14, 2015**

We may send trade recommendations throughout the week.

#### DISCLOSURE

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Ron Rowland – Editor

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Updated for 12/07/2015 am with latest closing data

Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Sector ETFs</b>								
1	KWEB	KraneShares CSI China Internet ETF	56	2	2.7	4.6	66	1.2
2	XSD	SPDR S&P Semiconductor	46	6	2.0	7.1	65	1.1
3	CQQQ	Guggenheim China Technology	43	1	2.7	5.2	62	1.3
4	PNQI	PowerShares Nasdaq Internet	43	3	2.0	4.0	66	0.9
5	FDN	First Trust DJ Internet	33	-2	0.7	2.1	60	0.9
6	SOCL	Global X Social Media	32	-4	0.5	3.7	61	0.7
7	SMH	Market Vectors Semiconductor	32	12	3.1	6.8	65	1.0
8	PSI	PowerShares Dynamic Semiconductors	31	9	2.2	6.8	64	1.0
9	SOXX	iShares PHLX Semiconductor	31	13	3.3	6.5	65	1.0
10	AIRR	First Trust RBA Amer. Industrial Renaissance	30	1	0.3	6.5	62	0.8
11	PSCT	PowerShares S&P SmallCap Info Technology	29	1	0.7	4.3	63	0.7
12	IGM	iShares North American Tech	27	0	1.3	3.0	61	0.7
13	IAI	iShares US Broker-Dealers	25	2	1.4	4.0	63	0.9
14	QABA	First Trust NASDAQ ABA Community Bank	25	-10	-0.9	2.0	56	0.9
15	MTK	SPDR Morgan Stanley Technology	24	-1	0.9	2.6	59	0.8
<b>International ETFs</b>								
1	PGJ	PowerShares Golden Dragon China	54	8	3.3	5.0	67	1.2
2	ENZL	iShares MSCI New Zealand Capped	28	15	3.9	5.1	67	0.7
3	EDEN	iShares MSCI Denmark Capped	22	18	3.9	5.8	70	0.8
4	DXJS	WisdomTree Japan Hedged SmallCap Equity	20	-4	0.6	3.6	59	0.8
5	EIRL	iShares MSCI Ireland Capped	19	10	2.3	6.6	71	0.6
6	EWK	iShares MSCI Belgium Capped	18	5	1.4	4.1	66	0.6
7	CNXT	Market Vectors ChinaAMC SME-ChiNext	18	-7	4.0	-1.5	52	2.5
8	ASHS	Deutsche X-trackers Hrv CSI 500 China A Sml	17	-11	2.4	-1.6	53	2.0
9	EFNL	iShares MSCI Finland Capped	17	8	2.0	3.2	64	0.6
10	SCJ	iShares MSCI Japan Small-Cap	16	-3	0.2	3.2	58	0.6
11	PIZ	PowerShares DWA Dev Mkts Momentum	15	9	2.1	4.3	67	0.6
12	DFJ	WisdomTree Japan Small Cap Dividend	14	-3	0.3	2.4	56	0.6
13	IHDG	WisdomTree Intl Hedged Quality Dividend Gr	14	-5	-0.4	2.2	55	0.7
14	EWGS	iShares MSCI Germany Small Cap	13	14	3.1	4.1	63	0.9
15	FNI	First Trust ISE Chindia	13	8	2.0	2.6	57	0.9
<b>Style ETFs</b>								
1	QQQ	PowerShares QQQ	21	-2	0.7	2.8	59	0.7
2	XSLV	PowerShares S&P SmallCap Low Volatility	19	-7	-0.9	2.9	56	0.7
3	IWY	iShares Russell Top 200 Growth	17	-4	0.3	2.8	58	0.7
4	XRLV	PowerShares S&P 500 x-Rate Sns Low Vlty	17	-4	0.1	3.3	60	0.7
5	XLG	Guggenheim Russell Top 50 Mega Cap	17	-3	0.5	2.4	58	0.6
6	ONEQ	Fidelity Nasdaq Comp Tracking Stk (\$0 Fid)	16	-4	-0.1	2.4	57	0.7
7	JKE	iShares Morningstar Large-Cap Growth	15	-6	-0.1	2.4	56	0.7
8	QUAL	iShares MSCI USA Quality Factor	15	-5	0.1	2.9	57	0.7
9	SPLV	PowerShares S&P 500 Low Volatility	15	-4	0.1	3.2	58	0.7
10	MTUM	iShares MSCI USA Momentum Factor	15	-3	0.2	3.1	58	0.9
11	VOOG	Vanguard S&P 500 Growth	14	-4	0.2	2.5	57	0.7
12	SPYG	SPDR S&P 500 Growth	14	-4	0.2	2.4	57	0.7
13	IVW	iShares S&P 500 Growth (\$0 Fid)	14	-4	0.1	2.5	57	0.7
14	SCHD	Schwab US Dividend Equity	14	-3	0.3	2.9	58	0.6
15	DIA	SPDR Dow Jones Industrial Average	14	-4	0.3	2.5	57	0.7

Updated for 12/07/2015 am with latest closing data

Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Bond ETFs</b>								
1	XMPT	Market Vectors CEF Municipal Income	10	-1	0.1	1.4	57	0.4
2	MLN	Market Vectors Long Municipal	10	0	0.3	1.6	65	0.2
3	HYD	Market Vectors High-Yield Municipal	8	1	0.4	1.3	64	0.2
4	PWZ	PowerShares California AMT-Free Muni Bond	8	1	0.2	1.2	70	0.1
5	PZA	PowerShares National AMT-Free Muni Bond	7	0	0.4	1.2	66	0.2
6	ITM	Market Vectors Intermediate Municipal	7	0	0.2	1.4	64	0.2
7	HYMB	SPDR Nuveen S&P High Yield Municipal Bond	7	2	0.4	0.9	60	0.2
8	CXA	SPDR Nuveen Barclays California Muni Bond	6	0	0.2	1.5	63	0.2
9	NYF	iShares New York AMT-Free Muni (\$0 Fid)	6	1	0.2	1.1	67	0.1
10	CMF	iShares California AMT-Free Muni (\$0 Fid)	6	0	0.2	1.2	68	0.1
11	TFI	SPDR Nuveen Barclays Municipal Bond	6	1	0.2	1.2	63	0.1
12	BAB	PowerShares Build America Bonds	5	1	0.2	1.9	54	0.3
13	MUNI	PIMCO Intermediate Municipal Bond Active	5	1	0.2	0.6	62	0.1
14	MUB	iShares National AMT-Free Muni (\$0 Fid)	5	0	0.1	0.9	64	0.1
15	BABS	SPDR Nuveen Barclays Build America Bond	5	0	0.1	2.0	54	0.4
<b>Leveraged &amp; Inverse ETFs</b>								
1	DGAZ	VelocityShares 3x Inverse Natural Gas ETN	345	14	5.7	37.6	73	4.6
2	KOLD	ProShares UltraShort Bloomberg Natural Gas	224	6	2.8	25.0	71	3.3
3	DWTI	VelocityShares 3x Inverse Crude ETN	141	55	12.0	17.7	63	5.2
4	DTO	DB Crude Oil Double Short ETN	129	34	8.9	12.6	67	2.8
5	SCO	ProShares UltraShort Bloomberg Crude Oil	105	35	8.2	12.2	63	3.3
6	SOXL	Direxion Daily Semiconductor Bull 3x	77	41	9.3	20.3	64	3.1
7	USD	ProShares Ultra Semiconductors	72	15	5.1	15.1	65	2.0
8	SZO	DB Crude Oil Short ETN	68	13	3.7	6.0	65	1.6
9	RETL	Direxion Daily Retail Bull 3x	66	-16	0.3	11.8	60	3.1
10	DNO	United States Short Oil	63	16	4.0	6.2	64	1.8
11	TECL	Direxion Daily Technology Bull 3x	57	4	4.3	8.7	60	2.2
12	DGLD	VelocityShares 3x Inverse Gold ETN	56	-29	-8.0	-1.2	49	2.1
13	TQQQ	ProShares UltraPro QQQ	53	-7	1.9	7.7	58	2.2
14	DSLX	VelocityShares 3x Inverse Silver ETN	43	-40	-10.4	-6.1	45	2.3
15	ROM	ProShares Ultra Technology	42	3	2.9	6.3	60	1.6
<b>Commodity ETFs</b>								
1	SGG	iPath Bloomberg Sugar ETN	63	10	3.3	3.0	58	1.8
2	NIB	iPath Bloomberg Cocoa ETN	24	7	2.7	2.1	64	0.7
3	BAL	iPath Bloomberg Cotton ETN	11	7	1.3	4.3	62	0.8
4	RJA	ELEMENTS Rogers ICI Agriculture ETN	-5	7	1.7	1.1	57	0.5
5	DBA	PowerShares DB Agriculture	-5	7	1.8	1.6	56	0.7
6	JO	iPath Bloomberg Coffee ETN	-9	3	1.7	6.5	57	1.7
7	JJG	iPath Bloomberg Grains ETN	-12	14	3.4	2.5	56	0.8
8	CORN	Teucrium Corn	-12	14	3.5	3.0	56	0.7
9	USCI	United States Commodity Index Fund	-14	8	1.5	2.0	54	0.5
10	GLDI	CS X-Links Gold Shares Covered Call ETN	-16	8	2.8	0.7	51	0.7
11	GCC	Greenhaven Continuous Commodity	-19	8	1.9	0.7	50	0.5
12	IAU	iShares Gold Trust	-22	8	2.7	0.3	50	0.7
13	GLD	SPDR Gold Trust	-22	8	2.7	0.2	49	0.7
14	SGOL	ETFS Physical Swiss Gold Shares	-22	8	2.7	0.1	49	0.7
15	OUNZ	Merk Gold Trust	-22	8	2.7	0.3	49	0.7

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Currency ETFs</b>								
1	DRR	Market Vectors Double Short Euro ETN	15	-29	-5.1	-1.0	46	1.2
2	EUO	ProShares UltraShort Euro	11	-29	-5.3	-1.5	44	1.1
3	YCS	ProShares UltraShort Yen	10	1	0.6	0.8	58	0.5
4	FXA	CurrencyShares Australian Dollar Trust	10	9	2.1	3.0	63	0.5
5	DBV	PowerShares DB G10 Currency Harvest	9	-3	-0.3	1.6	54	0.4
6	UUP	PowerShares DB US Dollar Index Bullish	6	-10	-1.7	-0.4	47	0.5
7	USDU	WisdomTree Bloomberg U.S. Dollar Bullish	4	-6	-1.2	-0.4	47	0.4
8	BZF	WisdomTree Brazilian Real Strategy	0	-5	0.2	0.8	55	0.9
9	CYB	WisdomTree Chinese Yuan Strategy	-4	-1	-0.2	-0.8	39	0.2
10	FXV	CurrencyShares Japanese Yen Trust	-6	0	-0.3	-0.4	42	0.3
11	CEW	WisdomTree Emerging Currency Strategy	-8	-2	-0.1	-0.3	46	0.4
12	UDN	PowerShares DB US Dollar Index Bearish	-8	10	1.9	0.2	52	0.5
13	FXB	CurrencyShares British Pound Trust	-8	1	0.4	-0.8	46	0.4
14	FXE	CurrencyShares Euro Trust	-8	14	2.6	0.6	54	0.6
15	FXC	CurrencyShares Canadian Dollar Trust	-9	0	0.0	-0.7	40	0.2
<b>Fidelity Select Funds</b>								
1	FSCSX	Select Software & Cmptr Svcs (0.75%-30)	30	0	1.2	2.4	62	0.7
2	FSRPX	Select Retailing (0.75%-30)	28	-4	0.4	3.7	60	1.1
3	FSCHX	Select Chemicals (0.75%-30)	20	-2	0.7	4.4	62	0.7
4	FSCGX	Select Industrial Equipment (0.75%-30)	19	-7	-0.3	2.6	58	0.6
5	FSPTX	Select Technology (0.75%-30)	17	-4	-1.2	0.4	50	0.7
6	FSHOX	Select Construction & Housing (0.75%-30)	16	-11	-1.4	5.2	56	1.0
7	FSPCX	Select Insurance (0.75%-30)	16	-2	0.6	3.5	59	0.7
8	FSRBX	Select Banking (0.75%-30)	16	-5	0.1	2.4	57	0.8
9	FSDAX	Select Defense & Aerospace (0.75%-30)	15	-8	-0.5	3.1	57	0.7
10	FCYIX	Select Industrials (0.75%-30)	15	-7	-0.6	2.7	57	0.6
11	FSELX	Select Electronics (0.75%-30)	14	-11	-5.0	-1.1	41	1.3
12	FAVX	Select Automotive (0.75%-30)	14	-1	0.0	4.1	58	0.7
13	FSLBX	Select Brokerage & Inv Mgmt (0.75%-30)	14	0	0.7	3.3	59	0.9
14	FSCPX	Select Consumer Discretionary (0.75%-30)	13	-5	-0.1	1.7	55	0.9
15	FBSOX	Select IT Services (0.75%-30)	12	-5	-0.1	1.2	54	0.7
<b>Fidelity Non-Select Funds</b>								
1	FOCPX	OTC Portfolio	24	4	1.5	4.0	64	0.7
2	FNORX	Nordic (1.5%-90)	23	15	2.4	2.9	61	0.8
3	FTRNX	Trend	17	-3	0.4	3.3	60	0.7
4	FNCMX	Nasdaq Composite Index Fund (0.75%-90)	17	-3	0.3	2.8	58	0.7
5	FDSVX	Growth Discovery	14	-2	0.4	2.9	58	0.7
6	FCNTX	Contrafund	13	-2	0.5	2.3	58	0.7
7	FBGRX	Blue Chip Growth	12	-1	0.5	3.1	59	0.7
8	FLGEX	Large Cap Growth Enhanced Index	12	-4	0.1	2.4	57	0.7
9	FFIDX	Fidelity Fund	11	-4	0.1	2.6	57	0.7
10	FUSEX	Spartan 500 Index	11	-4	0.1	2.4	56	0.7
11	FJSCX	Japan Smaller Companies (1.5%-90)	10	-3	-0.9	0.7	49	0.5
12	FRESX	Real Estate Investment (0.75%-90)	10	-7	-1.0	2.5	53	1.0
13	FDSSX	Stock Selector All Cap	9	-3	0.0	2.5	56	0.6
14	FDEGX	Growth Strategies (1.5%-90)	9	0	0.6	3.8	59	0.7
15	FSTMX	Spartan Total Market Index (0.5%-90)	9	-4	-0.2	2.3	55	0.7