Stealth Stocks Daily Alert – 03/02/2015

March 2, 2015 by Daily Alert Staff

STEALTHSTOCKS Daily Alert

Your daily guide to what's *really* happening on Wall Street

March 2, 2015

U.S. stocks moved higher on Monday ignoring poor economic news as the Fed ramps up equities courtesy of China's central bank cooperation and a looming jobs report.

Today's Market Takeaway

By Dennis Slothower

Editor, *Stealth Stocks Daily Alert*

The stock market continued to rally, in spite of report after report today of deteriorating economics. The stock market is being lifted ahead of and towards the March 15th ECB QE program.

In an ironic twist, the markets rallied on a solid batch of disturbing economic data – the kind of data that should spark even greater uncertainty about the future – and yet, the market rallies in the face of increasing risk signals.

The Nasdaq Composite finished up 45 points (+0.9%) at 5,008, just off an all-time intraday high. The S&P 500 added 13 points (+0.6%), to 2,117, a fresh all-time high. The Dow Jones Industrial Average jumped 156 points (+0.9%) to 18,289, also a record high.

A likely reason for all the cheering in the face of increasing risk on bad economic news was action taken over the weekend by China's central bank, the People's Bank of China, who cut benchmark interest rates by 25 basis points to 5.35 percent on Saturday.

I am sure Fed watchers around the world thought to themselves that with a global signal of distress from China that the Fed surely would hold off on any hints of rate hikes in the near future.

The backdrop of this global central bank influence, seemingly in a world banking partnership, provides sufficient cover for our own Federal Reserve to juice the markets at will, which is the real story behind today's bump to new highs.

US Data Reveals Risk

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, slipped 0.2 percent after falling 0.3 percent in December. Any additional consumer spending from lower gasoline prices is not showing up in these numbers. This number suggests a weaker first quarter GDP. On the other hand, in an artificially pumped up market like this real economics is not being allowed to influence price discovery.

Further economic weakness was revealed with the ISM manufacturing Index, falling today to a reading of 52.9% from 53.5%. The employment index of the ISM also slowed to 51.4% from 54.1%. The new orders index eased to 52.5% from 52.9%. This is a 13-month low but also ignored today.

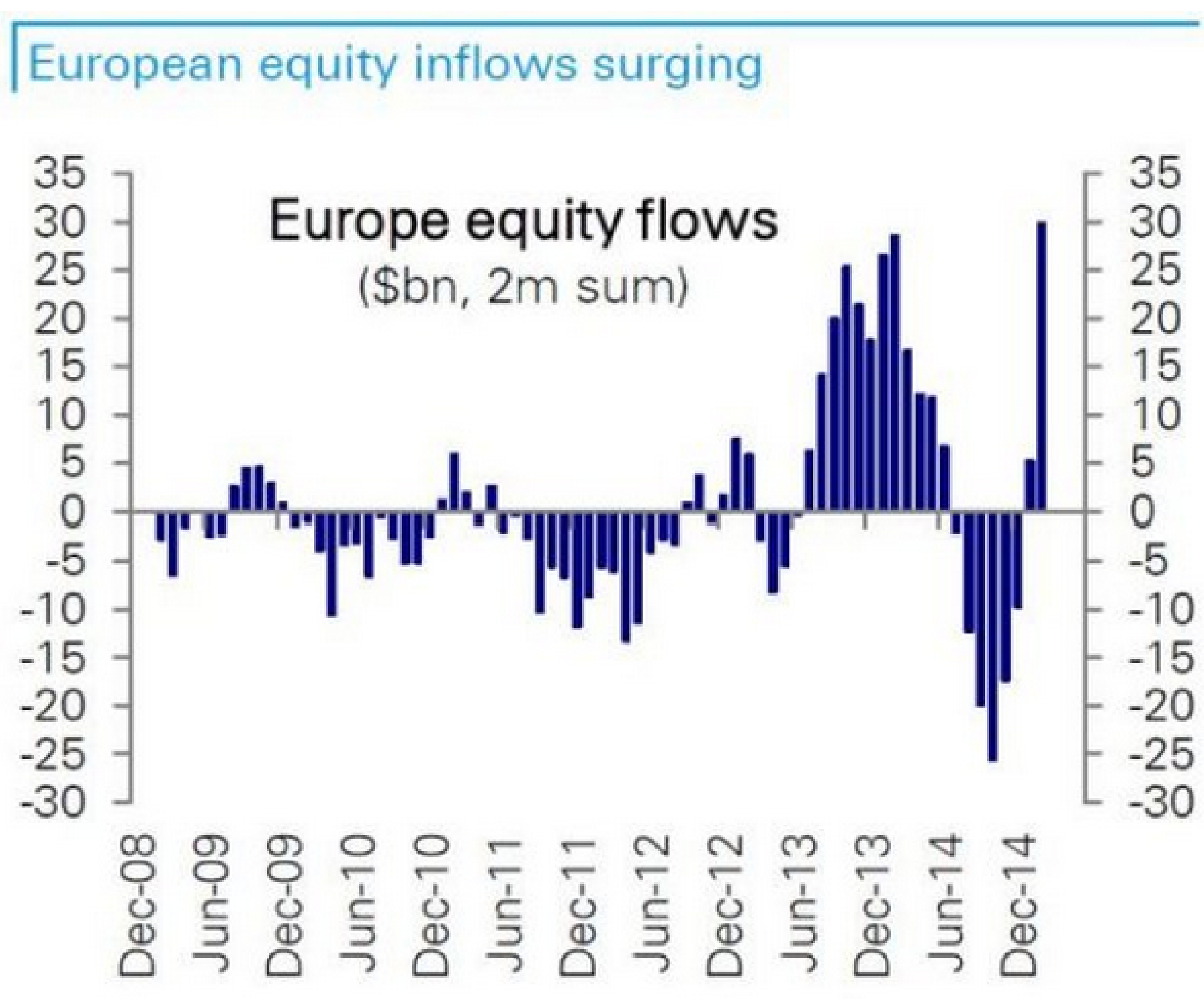
Also, U.S. construction projects declined 1.1% in January, after economists were expecting a 0.3% increase. Private-construction spending fell 0.5% in January. There was a 1.6% decline for nonresidential projects. Meanwhile, public-construction spending dropped 2.6% in January.

Last week's report that our purchasing manager's index (PMI) was crushed from 59.4 down to 45.8, marking the worst 1-month drop since October 2008, into recessionary territory but ignored last week with the Fed's ramp. The worse the news, the more the Fed feels it has to intervene.

Last week we learned that Japan's auto sales were down 14.2% in February. Retail sales are down 2% year over year. Household spending is at -5.1% and housing starts in Japan are off 13% year over year, but Japan's stock market is up – so completely detached from economic reality.

Central Bank Intervention

Europe economic numbers are also incredibly weak but investors are willing to overlook it all because of the ECB QE program.



Investors are scrambling to get into one of the weakest markets because they have been conditioned to believe the ECB QE will be a money winner, as Europe force feeds the markets – hoping the ECB will do for the markets what the Fed did with their QE programs.

Over the weekend we learned that China, which posted its slowest growth in decades in 2014, on Saturday cut its benchmark lending and deposit rates in desperation to stimulate growth but since it is largely dependent on world demand for its products, it is feeling the "real" global recession.

On Friday, the U.S. Fed awarded $155.00 billion of three-day fixed-rate "reverse repos" Friday to 69 bidders and today the Fed awarded $118.2 billion, so there is plenty of temporary market liquidity heading into this Friday's government doctored jobs report.

If it is like last month the Fed will be providing plenty of liquidity going into the end of the week – can't have a highly watched jobs report disrupt bank portfolio values.

Current Portfolio

Date: March 2, 2015

Long Position

Company	Symbol	Buy Date	Buy Price	Current Price	ROI
Aetna Inc	AET	10/2/2014	$78.94	$100.50	27.31%
Northrop Grumman	NOC	10/2/2014	$126.27	$167.10	32.34%
Occidental Petroleum	OXY	10/2/2014	$90.57	$77.74	-14.17%
AT&T	T	10/2/2014	$34.03	$34.64	1.79%
Anthem Inc.	ANTM	10/2/2014	$118.05	$146.93	24.46%
Verizon Comm	VZ	11/4/2014	$49.74	$49.47	-0.54%
Hewlett-Packard	HPQ	12/2/2014	$38.79	$34.92	-9.98%
Suncor Energy	SU	12/2/2014	$32.15	$29.56	-8.06%
Apple	AAPL	1/5/2015	$105.83	$129.09	21.98%
IBM	IBM	1/5/2015	$158.40	$160.48	1.31%

Short Position

Company	Symbol	Sell Date	Entry Price	Current Price	Cover Price	ROI
%						
%						

Short Exposure	Long Exposure	Net Equity Exposure
0	100%	100%

Log into our website to view the Live Portfolio and Closed Positions

At times our top down view of the markets can be extremely bullish or bearish, yet our portfolio can be long up to 10 stocks and short up to 5 stocks. Regardless of overall market conditions, there are always a pocket of financially strong companies trading at attractive prices, and financially weak companies trading at absurd prices. All entry prices are adjusted for splits and dividends.

1. All positions are entered on the close of the day following the recommendation.
2. We suggest an allocation of 10% in each position.