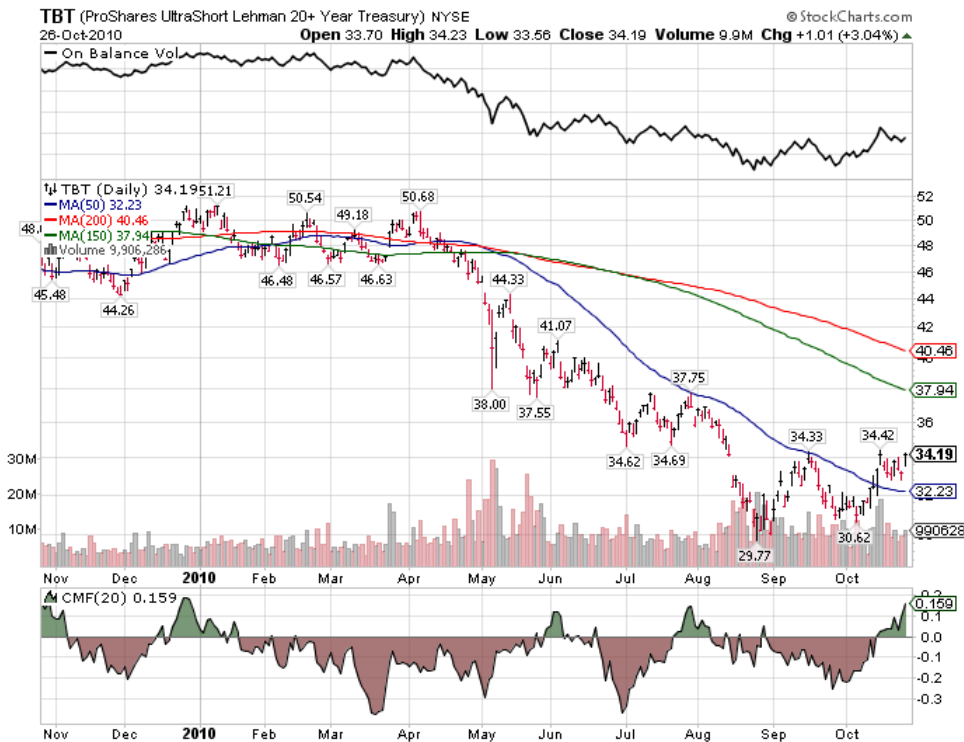


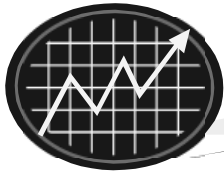
Developing Trends:

Bonds have topped out.

The bond rally from April 2010 to October 2010 is over. We are not saying that interest rates will go up dramatically but the rally in bonds is over.



The chart above is the Ultra Short Lehman 20+ year Treasury ETF. Watching the price and its relationship between its moving averages shows bonds have topped out. Since the index above is a short index, it shows up as a basing chart pattern. Below is a chart of bond market (20 year Treasuries) which shows the actual bond market chart.



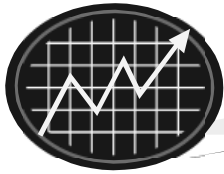
This is significant in that it signals a shift in asset allocation from Bonds to equities.

It could influence the prices of commodities, especially gold. Rising interest rates will help a rally in the US Dollar as well as provide competition for gold. Gold pays no dividend and as interest rates rise, collecting interest on an asset surpasses the fear of inflation/devaluation of the dollar that fuels gold - with no interest. This is still early in this major trend shift.

It has been a long time but we are hearing a lot of chatter about equities being “the” asset class to own going into 2011.

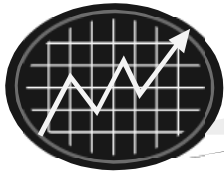
Speaking of Gold –

Gold is still in an uptrend. A change in that trend (intermediate term trend) would occur when gold drops below its 50-day moving average. Currently that is around \$1,261.20.



EMC \$21.18





EMC appears to have run into a brick wall at this price. We think it has to do with the decline in VMW \$75.42. VMW has entered an intermediate term correction as defined by the price dropping below its 50-day moving average. VMW is a large asset for EMC. EMC owns 85% of VMW. VMW is the tail that wags the dog (EMC).

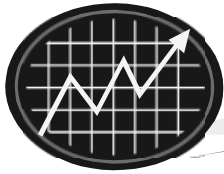
Nimble traders might consider a short sale in EMC with a 10% possibly 15% trading goal. Keep a 5% of entry trade as a stop loss point. This is a trade counter to the long-term trend (up) hence the nimble trader comment.

Crossing the 200-day moving average:

Yesterday we saw **Vasco Data (VDSI)* \$7.71** explode upwards as it crossed above its 200-day moving average. *It been many years but the old game is back – pile on stocks as they cross above their moving averages!*



Within our LOTM Under \$10.00 universe we believe that **TSYS* \$5.35** could be the next explosion upwards “if” TSYS crosses above its 200-day moving average. Currently that trigger number is \$5.74. An account related to LOTM has been accumulating shares of TSYS.



LOTM target should the price crossing its 200-day M.A. happen, is to the \$6.50 to \$7.00 area.

*An account related to LOTM has a position in this security.

LOTM's primary strategy is to "own companies" that are "niche leaders" and not yet well known by Wall Street. We then trade around price movement in these "niche leaders", attempting to create trading profits as well as long term wealth through ownership of these "core" positions

It should not be assumed that current recommendations will equal past performance or will be profitable. The information presented has been obtained from sources believed to be reliable, but accuracy cannot be guaranteed. As with any sound investment philosophy, diversification is a very important aspect of micro and small cap investing. The more diversification you can achieve, the lower your overall risk level will be. All material is subject to change without notice. Tom Linzmeier, and related accounts, own securities mentioned in this letter. They may make additional purchases and sales at any time before or after this letter is received.

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Phone 651-228-9164 - PO Box 4099, St. Paul, MN. 55104

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