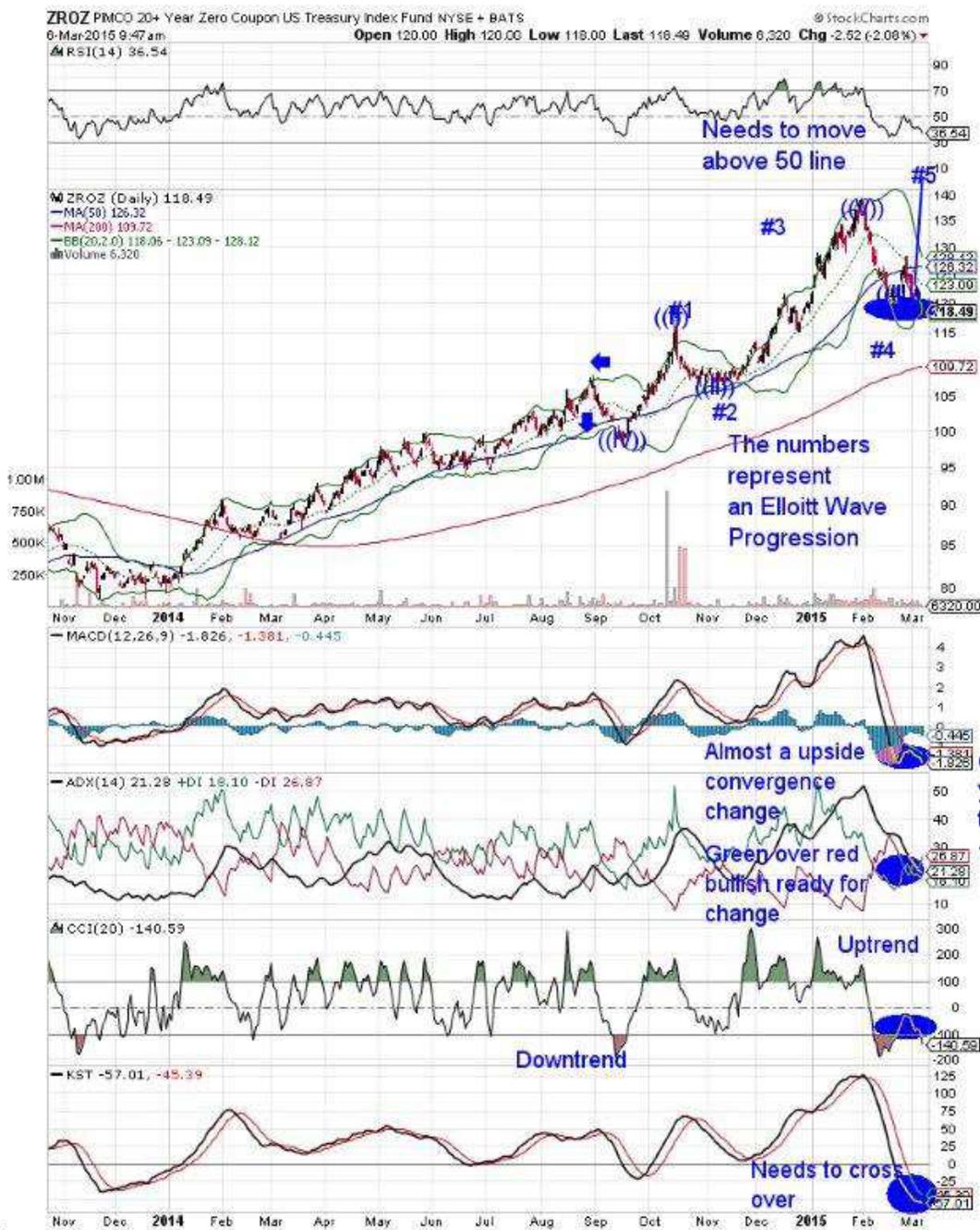


Starboard Weekly Report Ending March 6, 2015

Charts of the Week



This week's chart and supporting technical analysis comes from StockCharts.com.

TECHNICAL

There is a great deal of notations both on the chart and supporting technical indicators. They show that our government bond zero coupon position (ZROZ) is in transition. The first indicator is the relative strength, which needs to rise above 50 to indicate that ZROZ will continue its rise. The Chart has Elliot Wave patterns marked in 5 waves. They indicate that this position is about to enter Wave 5, which most often is the most explosive up wave. The supporting gauges have not confirmed the start of Wave 5, but are arranging themselves at a bottoming configuration that could represent a buying opportunity. The blue circles on the supporting indicators show images that resemble tight coiled springs waiting to bounce. The information in the circles shows an exhausted decline that has happened over the past month and appears to be now looking to reverse. The alternative would be for them to stay at these levels until the ETF finds a price bottom. If and when these supporting indicators turn up, it is my intention to add to our position.

FUNDAMENTAL

Today the market had its usual pavlovian response to the unemployment numbers. The stock market got crazy with volatility, the bond market declined and gold sold off. All of this price movement happened based on bogus employment numbers that mean very little to the economy. There was no real benefit to economic growth because the wealth effect increase to the nation is minor. That is because most of the job increase came from lower end employment in bars and restaurants. I recently read an article where an analyst indicated that the Bureau of Labor Statistics (BLS) reported that, prior to the current employment report in 2015, there were 2,900 jobs lost in the Oil & Gas industry. However, he then went on to state that the actual number should have been 37,621 jobs lost! If he is correct, and I strongly suspect that it is, then the BLS is masking the real effect that these high paying jobs have on the financial health of the country. The BLS has the ability to adjust data due to cyclical economic effects. They have been adjusting the inflation statistics this way for a long time. As this week's chart is indicating, the recent sell off in ZROZ should end because it is based on incorrect information. When the market starts to correctly analyze the likely scenario that rates will drop instead of rise due to meaningless and possibly false employment information, bond prices will once again rally. If my technical and fundamental examination is correct and prices of bonds rise, we will all own more of the 25 year US Government Zero Coupon ETF.

ASIDE

“Facts are stubborn things, but statistics are more pliable.” Quote by Mark Twain

It is my experience that the market reacts short term to pliable statistics, but longer term to facts.

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Please note: It is the client's responsibility to notify us of any changes that would influence their financial needs.