Market Dynamics

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Performance Management System

The TPARC Report—What Is It?

Portfolios heavy with under-performing stocks almost never outperform the market.

Ignat's Law

The Technical Perspectives on Analyst's Rating Changes - TPARC – The report is sent to subscribers daily. It should be used as a buy idea generator and may also provide insight into stocks that are already in the portfolio but are performing poorly. The TPARC report is also posted to the www.clayallen.com

A collection of recent newsletters is available on the web site.

Please visit the web site at http://www.clayallen.com/

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The TPARC report is a daily report that covers the technical trend condition on those stocks where a Wall Street analyst has changed his investment opinion. It covers both upgrades and downgrades and is based on a summary of analyst's rating changes that appears regularly on the Internet. The TPARC report was started in August of 2005 and has been part of the Market Dynamics service for almost five years.

The analyst's old investment opinion is shown along with the opinion change and the new opinion. Over the past five years this report has covered about 20 stocks per day on average. Literally thousands of opinions have been covered in these reports.

As the name implies, the technical opinion is based on the long-term trend of performance currently being shown for that stock on the long-term Market Dynamics charts of relative performance. The technical opinion is based on what has happened in the market for this stock up until now and its current trend direction. Discussions of what might happen to the stock in the future are avoided. The major underlying belief is that whatever has been causing the long-term trend of performance, it will most likely continue.

This opinion of the long-term trend of performance does not depend on an elaborate or mathematical analysis of the chart but is based on the broad direction of the trend that stands out on these charts. The opinions drawn from these charts are developed the same way you should take a multiple choice test. Your best answer should be based on your initial impression. It is the general sweep of the long-term trend that matters the most.

On balance about 20 stocks are covered every day. Many of those stocks will reflect an analyst's opinion that indicates the stock is a "buy" but the trend of the stock is definitely down. This is not uncommon.

Conversely, it is not uncommon for an analyst to pull or reduce his buy rating on a stock that is still showing an excellent trend of performance. In this situation the analyst's downgrade may cause the investor to vacate a long position that is still performing well.

The most interesting situation of all is when the analyst finally admits his mistake and downgrades the stock. The trend of performance may have been seriously down for some time by the time the analyst produces his downgrade. It is not uncommon for the analyst's downgrade to stop at a rating of "hold' or "neutral" or market perform" and rarely does the analyst go all the way down to an opinion of "sell." It is in this situation that the investor desperately needs a second opinion on the merits of the stock that can be developed from the long-term chart of performance. The chart will point to the sale of the stock, not a belief that the best decision is to continue to hold an under-performing stock.

Experience shows that of the 20 stocks covered in the report, one or two will show trends of performance that are strong enough to suggest that the stock should be bought and more research can be done to verify that conclusion. One or two good buy ideas every day will be more than enough to keep a large portfolio fresh and performing well.

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