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Stocks On Steroids

John Dobosz, 04.04.03, 6:04 PM ET

Suckered in by a half-dozen previous rallies since January 2000 that eventually gave way to lower lows, few advisers are ready to proclaim the end of this bear market--but many say that the positive tale of the tape in the last few weeks makes a compelling bullish case. Several of the top technical newsletters are targeting stocks with high relative strength to capitalize on the uptrend.

From Seal Beach, Calif., **Dan Sullivan**, editor of [The Chartist](#), has been 100% in cash for more than a year, but the veteran market technician is inching ever closer to putting money back to work in the market. "We continue to like what we've seen thus far: a dramatic upside surge which encompassed eight consecutive winning sessions, plus a textbook-like 50% retracement of the initial ground lost, followed by still another rally," says Sullivan, who selects his stocks based on relative strength and momentum.

Some of the stocks on Sullivan's potential buy list include adult education outfit **Apollo Group** (nasdaq: [APOL](#) - [news](#) - [people](#)), which reported a 54% jump in earnings last quarter. Sullivan is also considering buying biotech company **Gilead Sciences** (nasdaq: [GILD](#) - [news](#) - [people](#)) and slot machine maker International **Game Technology** (nyse: [IGT](#) - [news](#) - [people](#)), as well as **eBay** (nasdaq: [EBAY](#) - [news](#) - [people](#)).

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Similar to Sullivan, **Dennis Slothower**, editor of [Stealth Stocks](#), sees the market's high volume advance and then lower-volume pullback as a very bullish technical development. He's also encouraged by the plunge in crude oil prices from \$40 per barrel to the mid \$20s, as well as the big drop in gold.

A momentum investor who also pays close attention to fundamentals like sales and earnings growth, Slothower was in cash from mid-December until early March. One of his signals that brought him back into the market: Microcap mutual funds were surging, suggesting a willingness of investors to take risks and buy stocks. Slothower seeks out undiscovered growth stocks in a confirmed uptrend. Some of the names he's advising his subscribers to put new money into now are pharmaceutical concerns **Hi-Tech Pharmcal** (nasdaq: [HITK](#) - [news](#) - [people](#)), **ENDO Pharmaceuticals** (nasdaq: [ENDP](#) - [news](#) - [people](#)), and generic drug maker **Alpharma** (nyse: [ALO](#) - [news](#) - [people](#)). In the past six months, Hi-Tech Pharmcal has tripled in price; ENDO and Alpharma have more than doubled.

He's also buying **USANA Health Sciences** (nasdaq: [USNA](#) - [news](#) - [people](#)), a maker and network marketer (particularly in Asia) of cosmetics and personal care products. In the last year, USANA stock has produced returns that bring back memories of 1999--trading for \$1.15 per share last April and now just below it's 52-week high of \$23.20.

"Relative strength trends continue to favor the Nasdaq Composite over the NYSE Composite, which is a positive sign," writes **Marvin Appel**, half of the father-and-son technical team behind [Gerald Appel's Systems and Forecasts](#). Appel likes the action in high-yield bonds, which tend to track growth stocks. Two funds he likes: **Federated High Yield Trust** ([FHYTX](#)) and **Northeast Investors Trust** ([NTHEX](#)).

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