



## STRATEGIC INVESTING

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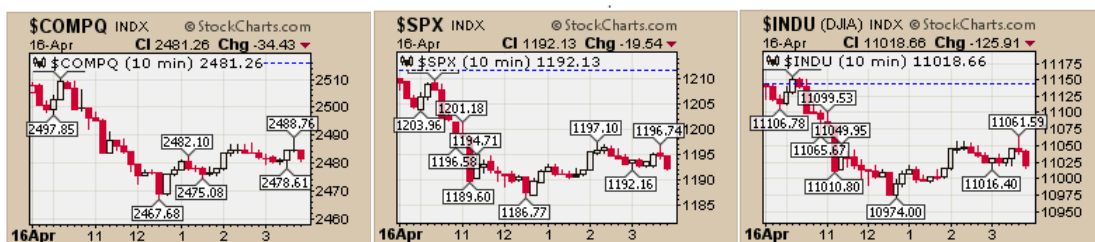
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### Market Musings

#### 4/16/2010 After the Close

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### Goldman charged with fraud by SEC

Markets Diary				6:12 p.m. EDT 04/16/10		
Issues	NYSE	Nasdaq	Amex			
Advancing	608	728	173			
Declining	2,500	1,972	302			
Unchanged	86	117	35			
<b>Total</b>	<b>3,194</b>	<b>2,817</b>	<b>510</b>			
Issues at						
New 52 Week High	218	198	17			
New 52 Week Low	9	15	6			
Share Volume						
Total	1,753,834,891	2,960,951,925	22,196,509			
Advancing	124,878,380	445,594,617	5,517,749			
Declining	1,617,614,201	2,391,961,897	15,859,680			
Unchanged	11,342,310	123,395,411	819,080			

The market chalked up serious distribution today. As soon as the announcement was made, we were fortunate to close our long positions in the financial stocks held in the **Aggressive portfolio** and go short. We also went short in the Aggressive portfolio our positions in the SPY and QQQQ as the SEC action is a game-changer and provides the market with its reason to retreat from the overbought rally conditions.

Nuff said.

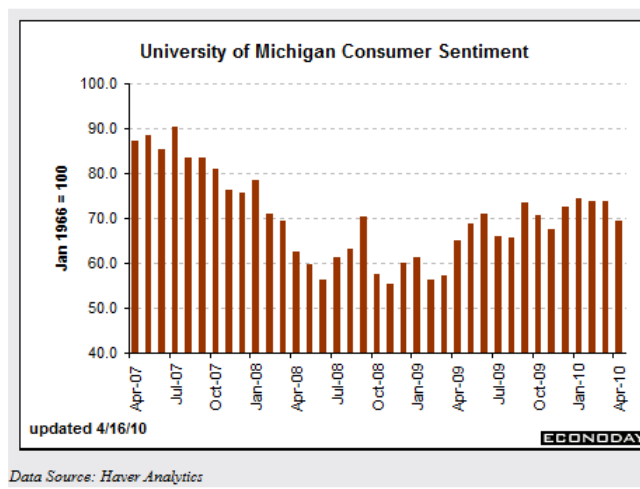
### Economic News

March housing starts were up slightly by 1.6% from a snow impacted February which is not a strong showing in my book.

Data displayed as levels in thousands, SAAR							
Released on:	Percent	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Released for:	of total	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Housing Starts	100%	524	579	573	609	616	626
Single Family	85.9%	471	492	481	507	536	531
Multi Family	14.1%	53	87	92	102	80	95
Housing Permits	NA	551	589	653	622	637	685

Data Source: Haver Analytics

Despite the retail numbers of the past few days, it would appear that the consumer remains unconvinced about the future as the consumer sentiment index fell in the latest reading.



**Financial News**

The big news, of course, was the SEC charge against Goldman Sachs for its role in selling AAA paper to its clients while another arm of the bank was in effect betting that the AAA paper would go south. Some might think that is not a proper thing to do and apparently, now the SEC has come to the same conclusion. Watch for the next shoe to fall in the financials.

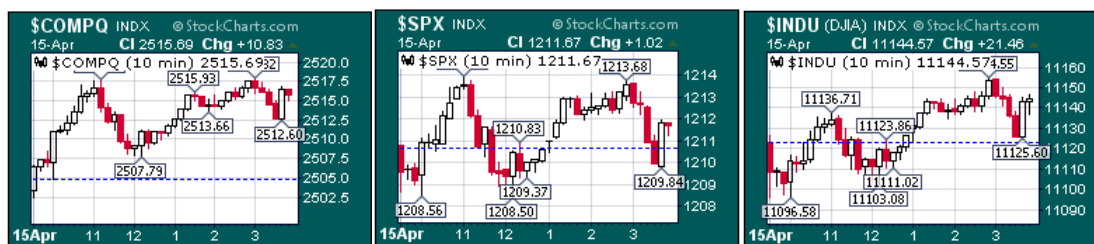
The JPMorgan earnings is probably also overstated as is Bank of America. Of course, the bone of contention is that if the FDIC is able to auction off collateral assets seized from failed banks the mark to fantasy values placed on a lot of bank assets would not have to be priced at market prices. Watch out below.

**Portfolio Comments**

Prior to the announcement of the Goldman SEC action, we had purchased CERN in the Aggressive portfolio. We made no other changes other than those noted above in the portfolios today.

Next week's Musings will be erratic as we will be on the road.

**4/15/2010 After the Close**



**Traded in a narrow range today.**

Markets Diary				4:34 p.m. EDT 04/15/10
Issues	NYSE	Nasdaq	Amex	
Advancing	1,449	1,537	223	
Declining	1,549	1,145	241	
Unchanged	150	136	36	
Total	3,148	2,818	500	
Issues at				
New 52 Week High	507	386	32	
New 52 Week Low	7	11	2	
Share Volume				
Total	1,196,331,371	2,757,271,766	18,059,018	
Advancing	491,684,650	1,770,024,117	8,937,300	
Declining	682,152,291	962,864,139	7,281,918	
Unchanged	22,494,430	24,383,510	1,839,800	

The major indices traded like a roll-coaster today, up and down and up! Volume was higher on the NYSE but lower on the NASDAQ today while advancing/declining issues were mixed. It was as if the market was trying

to make up its mind as to which direction to go.

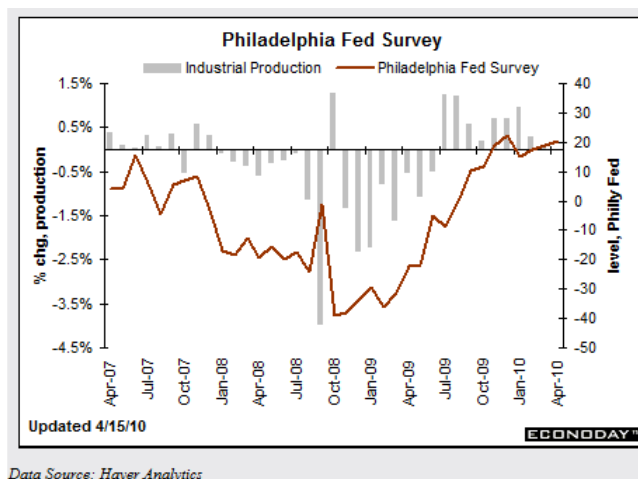
**Economic News**

The erratic Empire State Manufacturing survey jumped in April nine (9) points to 31.86, its strongest showing since October 2009.

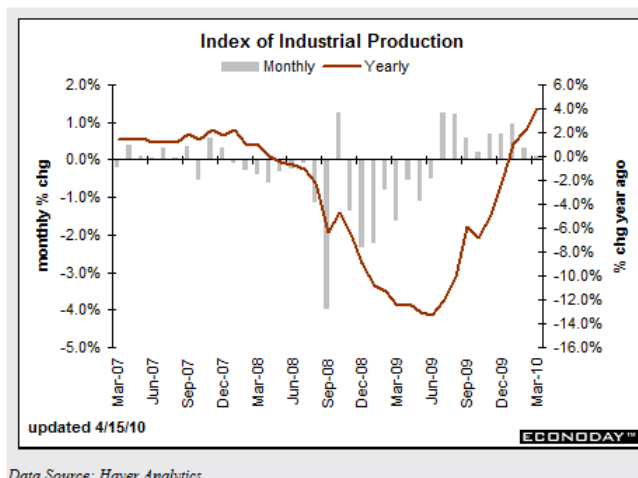
Released on:	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Released for:	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Empire State	22.3	4.5	15.9	24.9	22.9	31.9

*Data Source: Haver Analytics*

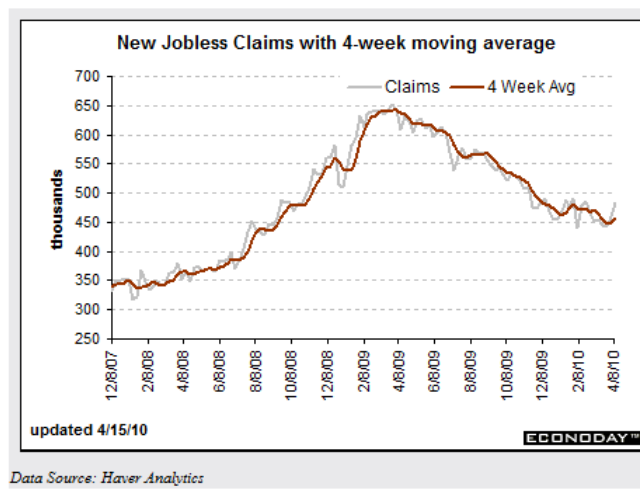
The Philadelphia Fed Survey for April 2010 was also higher although by not as much as the Empire State survey. Both reports are encouraging although how much inventory rebuilding versus final demand are in the data remains a question.



Industrial production in March was somewhat disappointing as it only rose 0.1% but much of the shortfall was utilities related. On a y/y basis, industrial production rose to 4.0% versus 2.2% in February.



The new jobless claims data, however, seemed to cause many investors to have an uneasy feeling as the number increased for the second week in a row to 484,000, up 24,000 over the prior week. Continuing claims climbed moderately but remain on the sharp declining trend of the past 10 months. However, much of this is because an increasing number of people have exhausted their regular state benefits and have shifted into the federal emergency and extended unemployment insurance programs. The total number of people collecting unemployment insurance remains quite high at around 11 million but has also been trending slightly lower since the first of the year. This indicates that hiring remains difficult.



### Financial News

The Treasury International Capital report contained mixed news. The major concern was that Chinese holdings of U.S. Treasuries fell for the 4th consecutive month. While foreign investment in U.S. financial assets increased in February, much of the increase was probably due to the uncertainty over the Euro and the sovereign debt problems of the PIIGS.

From Mary Ann Hurley of Bonds online: "Greek yield surged to 400 basis points above its German counterpart as concern lingers about whether aid from the European Union (EU) will materialize. The constitutionality of the package is being challenged in the German courts. The German populace overwhelmingly disapproves of an aid package and elections loom in early May. The German Finance Ministry said yesterday an aid package is likely to need parliamentary approval. The parliaments of France and Ireland are also slated to vote on the package. The IMF is sending a team to Athens April 19 for talks. **Greece has not asked for funds yet but they do have 11.6 billion euro of debt maturing in May which will need to be paid.**"

### Portfolio comments

We made no changes in the portfolios today.

### 4/14/2010 After the Close



### Closed at the day's high

Markets Diary			
	4:34 p.m. EDT 04/14/10		
Issues	NYSE	Nasdaq	Amex
Advancing	2,356	2,155	318
Declining	697	565	162
Unchanged	99	86	29
Total	3,152	2,806	509
Issues at			
New 52 Week High	608	372	38
New 52 Week Low	9	7	2
Share Volume			
Total	1,141,310,322	3,001,615,503	21,651,821
Advancing	931,996,752	2,687,340,386	16,249,231
Declining	195,672,170	296,212,646	4,693,690
Unchanged	13,641,400	18,062,471	708,900

The market moved higher from the opening bell to close at the day's highs on higher volume. Advancing

issues and volume were definitely in control today. New 52 week highs were very impressive as earnings were encouraging and consumers appeared to have increased spending.

### Economic News

Consumer spending as measured by retail sales showed a 1.6% increase in March over February. Auto sales were up 6.7% which was a major factor in the increase.

**"If truth be told, the level of retail sales in March was no higher than three years ago." Gluskin Sheff's David Rosenberg wrote on April 12.**

Released On:	Percent	Monthly percent change					
		Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Released For:	of Total	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
<b>Retail Sales &amp; Food Services</b>	<b>100%</b>	1.2%	2.0%	-0.2%	0.5%	0.5%	1.6%
Sales ex autos	83.2%	0.0%	2.0%	-0.1%	0.6%	1.0%	0.6%
Sales ex autos less gasoline	74.3%	0.1%	1.1%	-0.2%	0.6%	1.1%	0.7%
Motor vehicle dealers	16.8%	7.4%	1.8%	-0.5%	-0.1%	-1.9%	6.7%
Furniture & home furnishing stores	2.3%	-0.9%	0.7%	1.9%	-0.1%	2.0%	1.5%
Electronics & appliances	2.5%	-0.7%	2.9%	-2.6%	1.9%	3.1%	-1.3%
Building materials	6.9%	-1.5%	2.5%	0.1%	-0.5%	0.1%	3.1%
Food & beverage stores	14.2%	-0.2%	1.1%	-0.9%	0.7%	1.0%	0.2%
Health & personal care	6.1%	0.0%	0.4%	0.0%	-0.3%	0.0%	0.2%
Gasoline stations	8.9%	-1.2%	9.8%	0.7%	0.9%	0.2%	-0.4%
Clothing & accessories	5.0%	-0.2%	-0.8%	-0.7%	1.6%	1.1%	2.3%
Sporting goods, hobby, etc	2.1%	-0.2%	0.6%	1.3%	0.2%	1.0%	1.0%
General merchandise	14.4%	0.7%	0.8%	-0.9%	1.4%	0.9%	0.6%
Miscellaneous retailers	2.8%	0.8%	0.9%	-0.6%	-2.6%	1.7%	1.0%
Nonstore retailers	7.1%	1.8%	2.5%	2.3%	1.7%	-0.1%	0.2%
Food services & drinking places	11.0%	0.0%	0.6%	-0.4%	0.1%	3.0%	0.3%

*Data Source: Haver Analytics*

However, the MBA purchase application index showed a significant drop for conventional mortgages of 10.5% in the April 9th week as the FHA increased its mortgage premiums. With the tax credit expiring, perhaps, the housing industry still faces tough sledding particularly if mortgage rates increase.

The consumer price index showed little change in March vs. February ... an 0.1% increase. The y/y comparison showed a 2.4% increase but of course, these are the Ministry of Truth figures. You have to wonder when the average price of unleaded gas has increased by over 20 cents/gallon in the last month about the energy component.

Released on	Relative Importance	Data displayed as m/m percent change					
		Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Released for	Importance	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
<b>CPI</b>	<b>100.0%</b>	0.2%	0.2%	0.2%	0.2%	0.0%	0.1%
Food & Beverages	15.1%	0.0%	0.1%	0.1%	0.2%	0.0%	0.2%
Housing	42.4%	0.1%	0.0%	0.0%	-0.3%	0.0%	0.0%
Apparel	3.8%	-0.3%	-0.3%	0.4%	-0.1%	-0.7%	-0.4%
Transportation	17.4%	0.9%	1.3%	0.7%	1.3%	-0.1%	-0.1%
Medical Care	6.2%	0.2%	0.3%	0.1%	0.5%	0.5%	0.3%
Recreation	5.6%	-0.4%	-0.1%	-0.3%	-0.1%	-0.1%	-0.1%
Education & Comm.	6.0%	0.2%	0.0%	0.2%	0.3%	0.2%	0.3%
Other goods & Service	3.5%	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%
<b>Addendum</b>							
CPI less food & energy	77.4%	0.2%	0.0%	0.1%	-0.1%	0.1%	0.0%
Energy	8.7%	0.6%	2.2%	0.8%	2.8%	-0.5%	0.0%
Commodities	40.8%	0.3%	0.5%	0.3%	0.8%	-0.2%	-0.1%
Services	59.2%	0.2%	0.1%	0.1%	-0.2%	0.1%	0.2%

*Data Source: Haver Analytics*

The Beige Book from the Fed Districts reported that "overall economic activity increased somewhat" with increases in retail sales and vehicle sales. Unemployment remains a problem and surprise, wage pressures are weak.

The Labor Department said in a separate report that average hourly earnings fell 0.1% in March, after adjusting for inflation, earnings were down .2%. Year/year hourly earnings are down .6%.

### Financial News

Despite the market's strength, the US dollar index dropped and closed at 80.19. Gold closed higher at 1156.20. The yield on the 10 year US Treasury note increased to 3.86%. West Texas crude oil rose 1.69/bbl to close at 86.80/bbl.



**Portfolio comments**

The STI indicators for both the NASDAQ and S&P 500 remain positive.

We made no changes in the portfolios today.

**4/13/2010 After the Close**



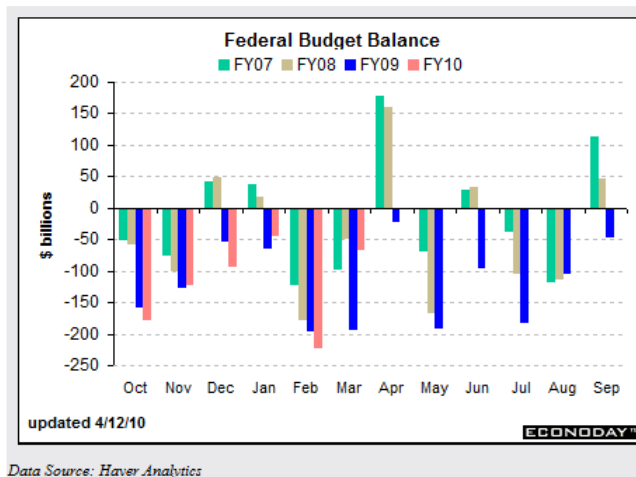
**Closed above 11,000 again.**

Markets Diary				4:34 p.m. EDT 04/13/10
Issues	NYSE	Nasdaq	Amex	
Advancing	1,549	1,375	227	
Declining	1,481	1,295	245	
Unchanged	138	134	45	
Total	3,168	2,804	517	
<b>Issues at</b>				
New 52 Week High	336	193	28	
New 52 Week Low	8	4	3	
<b>Share Volume</b>				
Total	1,051,235,395	2,542,410,522	20,594,520	
Advancing	412,638,445	1,367,465,894	10,358,100	
Declining	610,899,960	1,134,246,683	8,084,620	
Unchanged	27,696,990	40,697,945	2,151,800	

After falling at the open, the DJIA managed to close above 11,000 again. Volume rose today on the major exchanges. However, declining volume was dominant on the NYSE while advancing volume was dominant on the NASDAQ. The number of advancing issues was slightly more than those that were declining on both exchanges.

**Economic News**

Tarp repayments helped reduced the Treasury's deficit to \$65.4 billion in March. For the 1st six months of FY2010, the deficit stands at \$717.0 billion.



According to the ICSC-Goldman store sales report for the April 10th week, retail sales are running at a 4% increase on a y/y basis. Redbook's data shows a less encouraging picture as sales are only 3.3% higher on a y/y basis.

Falling exports and increasing imports for February 2010 saw the international trade deficit to move higher to \$39.7 billion. Still both exports and imports suggest that an economic recovery is in the cards.

	Data displayed as monthly levels, billions of dollars					
Released on:	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Released for:	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
Trade balance	-35.3	-32.9	-36.1	-39.9	-37.0	-39.7
Imports	168.8	170.1	174.5	183.1	179.8	182.9
Exports	133.5	137.2	138.4	143.2	142.9	143.2
Merchandise trade	-47.4	-45.2	-48.4	-51.9	-49.4	-51.3
Imports	137.6	138.5	142.9	151.0	147.8	149.8
Exports	90.2	93.4	94.5	99.1	98.4	98.5
Service trade	12.1	12.2	12.3	12.0	12.4	11.6

Table data are on a balance of payments basis.

Data Source: Haver Analytics

However, Wal Mart just announced price cuts on over 10,000 items ... now that is deflationary and not inflationary.

The National Federation of Independent Business saw its March 2010 optimism index fall to 86.8 from 88 in February. Small business provides about 70% of all hiring and their hiring plans suggest that the increased costs from healthcare and other regulations are having a negative effect upon their outlook.

**Financial News**

Greece sold a 52 week Treasury today at a yield of 4.85% vs. 2.2% in January. China is having a slight problem in keeping their boom underway as construction appears to be 50-60% of GDP. What happens when that bubble bursts? After all, throughout China, the number of buildings that are vacant continues to increase ... at some point, it will simply stop!

One has to wonder about the need for a \$500 billion international bailout fund for the IMF.

"The Executive Board of the International Monetary Fund (IMF) today approved a ten-fold expansion of the Fund's New Arrangements to Borrow (NAB) and the transformation of the Fund's premier standing credit arrangement into a more flexible and effective tool of crisis management. The NAB will be increased by SDR 333.5 billion (about US\$500 billion) to SDR 367.5 billion (about US\$550 billion), representing a major increase in the resources available for the Fund's lending to its members."

**Portfolio comments**

We made no changes in the portfolios today.

### 4/12/2010 After the Close



### DOW over 11,000

Markets Diary			
	5:52 p.m. EDT 04/12/10		
Issues	NYSE	Nasdaq	Amex
Advancing	1,751	1,486	258
Declining	1,325	1,214	231
Unchanged	117	139	30
Total	3,193	2,839	519
Issues at			
New 52 Week High	436	245	33
New 52 Week Low	5	7	2
Share Volume			
Total	972,923,542	2,161,652,545	25,131,428
Advancing	614,745,220	1,160,568,682	16,435,788
Declining	344,264,722	839,345,466	6,827,420
Unchanged	13,913,600	161,738,397	1,868,220

The Dow closed above 11,000 for the first time in eighteen months. However, overall volume was about the same as Friday.

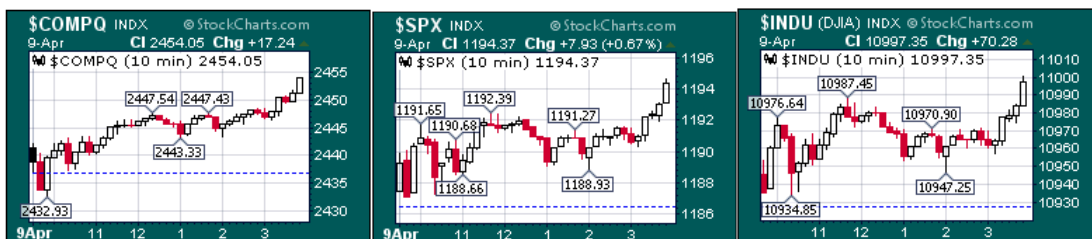
It would appear that the agreement by finance ministers of the European Union to perhaps provide financing up to \$61 billion to Greece helped move the dollar down and stocks to new 52-week highs. However, the plethora of conditions in the agreement still may end up scuttling the deal and there remains the rest of the PIIGS to address. The agreement will probably fall apart as the draconian measures required will create a political firestorm in Greece. In effect, the ministers bought another few days before the crisis resurfaces.

Volatility continued to fall as it touched a new 30-month low.

Earnings season started today with Alcoa reported a lower quarterly loss ... but still a loss. Bloomberg reported that if Bank of America Corp., JPMorgan Chase & Co. and Wells Fargo were taking appropriate reserves against loan losses, it would virtually wipe out all their expected profits for 2010. Bank of America Corp., JPMorgan Chase & Co. and Wells Fargo & Co. may have to set aside an additional \$30 billion to cover possible losses on home-equity loans, an amount almost equal to analysts' estimates of profit at the three banks this year. Of course, what do you expect when 'extend and pretend' is winked at by the regulators and the Federal Reserve can create electrons in their computers to add dollars to the money supply.

Today, we were out of the office after repurchasing QQQQ at the open in the Conservative portfolio. There were no other changes in the portfolios today.

### 4/9/2010 After the Close



### Markets up

<b>Markets Diary</b>			
	5:54 p.m. EDT 04/09/10		
Issues	NYSE	Nasdaq	Amex
Advancing	2,090	1,459	278
Declining	991	1,196	190
Unchanged	104	145	49
<b>Total</b>	<b>3,185</b>	<b>2,800</b>	<b>517</b>
<b>Issues at</b>			
New 52 Week High	369	181	26
New 52 Week Low	5	3	1
<b>Share Volume</b>			
Total	971,350,708	2,215,532,349	20,470,384
Advancing	682,877,808	1,563,307,057	14,242,084
Declining	272,299,130	526,683,247	5,314,300
Unchanged	16,173,770	125,542,045	914,000

The indices closed near their highs for the day on lower volume. In fact, for most indices it was the best close for the year and the market summary tables shown below documents the yearly change.

<b>Market Summary</b>				
	12/31/09	4/9/10	Change	%
AMEX Comp	1824.95	1,966.64	141.7	7.8%
DJIA	10428.05	10,997.35	569.3	5.5%
HUI	429.41	449.61	20.2	4.7%
Nasdaq 100	1860.31	1,994.43	134.1	7.2%
Nasdaq Comp	2269.15	2,454.05	184.9	8.1%
NYSE Comp	7184.96	7,629.05	444.1	6.2%
Russell 2000	625.39	702.95	77.6	12.4%
S&P 400	726.67	814.48	87.8	12.1%
S&P 500	1115.10	1,194.37	79.3	7.1%
S&P 600	332.63	372.41	39.8	12.0%

<b>Strategic Investing Daily Market Summary</b>			
## 4/9/2010			
<b>Today's Action</b>		<b>Accumulation/Distribution</b>	
Up in lower volume		Index ratings	
		NASDAQ	C-
		S&P 500	D-
<b>Market in Confirmed Uptrend</b>		NYSE	E
FTD - 3/1/2010		DJIA	E
<b>Distribution Days</b>			
NASDAQ	3	<b>Weekend Review</b>	
S&P 500	4	# of Stocks	67
NYSE	4	Black Boxes	2
DJIA	4		
		<b>IBD® 100</b>	
<b>A's - Above Red Zone</b>		Black Boxes	2
8-Apr-2010	780		
		<b>IBD® Big Cap 20</b>	
		Black Boxes	1
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Although the indices are near their yearly highs, the number of distribution days as well as the Accumulation/Distribution ratings of the major indices is troubling. Clearly the market rally has been done without much enthusiasm from major institutions.

## Economic News

Wholesale trade data suggested that the economy was moving upward but it might just be inventory rebuilding.

California's state treasurer is upset that the credit default swap rate on its debt is higher than that of Kazakhstan. As the Financial Times reports:

"On paper, California's debt of \$85bn supported by 37m citizens and the world's eighth largest economy looks more manageable than Kazakhstan's nearly \$100bn heaped on its poorer population of 16m. Go beyond headline figures though and Kazakhstan, with the world's 11th largest oil reserves, an economy that grew more than 8 per cent annually from 2002 through 2007 and unemployment of just 6.7 per cent looks positively vibrant next to the Golden State's joblessness of

12.4 per cent.

Meanwhile, Kazakhstan's modest budget deficit and \$25bn rainy day fund make it a paragon of fiscal virtue compared to a state forced to pay bills with IOUs last year and possibly again this summer. Unlike US states, Kazakhstan has its own currency and central bank. If it were to raise taxes or cut public services, wealthy Kazakhs could hardly defect to Kyrgyzstan the way Californians, already facing some of the highest levies and worst schools in the nation, might decamp to, say, Utah."

The U.S. problem is not government spending but job creation as I said yesterday. Increasing taxes and regulations do not provide incentives for jobs but do not expect lawyers/politicians to understand that basic fact.

**Financial News**

The caldron for Greece continues to simmer as Fitch cut is rating from BBB+ to BBB-. France is trying to jaw-bone Germany into coming to the aid of Greece. Merkel's government may fall if it does as many voters are upset at working until 65 before retiring and letting the Greek workers retire much earlier.

From Bonds online:

"The UK Telegraph reports that the Bank for International Settlements (BIS) in a report entitled "The Future of Public Debt" warns about the surging debt levels of many countries including the US, the UK, Japan, and most of Western Europe.

The BIS states: "the aftermath of the financial crisis is poised to bring a simmering fiscal problem in industrial economies to a boiling point." The BIS worries about rising yields to support the debt and states the question is not if but when.

The US is expected to have a deficit of \$1.6 trillion this year which is an unprecedented 10.6% of GDP. And that is actual red ink. The Congressional Budget Office (CBO) estimates the federal government has \$46 trillion in unfunded liabilities."

The FDIC is being sued to prevent the sale of loans which it has taken over from failed banks. Banks are trying to forestall the sale because the value would then have to be used to "mark-to-market" loans held by institutions holding similar collateral. The commercial real estate debacle is beginning to destroy bank's capital ratios again.

Gold continued its upward move closing at 1161.60 just below its highest level this year. The US dollar index fell today to 80.94. The interest yield on the 10 year note closed at 3.888% . West Texas crude oil closed at 84.92/bbl.



**Portfolio comments**

We made no changes in the portfolios today.

• **Fred Richards / Strategic Investing**

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