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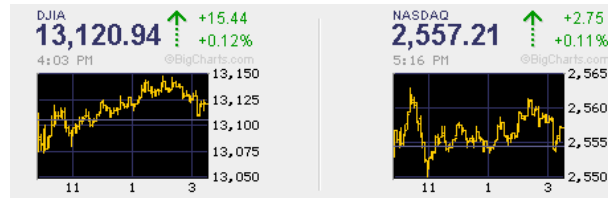
Strategic Investing focuses on stocks with increasing revenues and profits.
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4/27/2007 After the Close



Despite weak 1st Qtr GDP numbers, the DJIA set another record high!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,387 (41%)	525 (42%)	1,163 (37%)	758 (38%)
Declining Issues	1,815 (54%)	635 (51%)	1,834 (58%)	727 (37%)
Unchanged Issues	160 (5%)	94 (7%)	146 (5%)	504 (25%)
Total Issues	3,362	1,254	3,143	1,989
New Highs	209	103	163	208
New Lows	23	18	69	232
Up Volume	1,034,286,502 (38%)	103,758,719 (24%)	989,800,649 (46%)	444,499,435 (21%)
Down Volume	1,656,637,497 (60%)	332,368,846 (75%)	1,107,476,506 (52%)	837,467,217 (39%)
Unchanged Volume	66,386,314 (2%)	4,720,600 (1%)	52,825,810 (2%)	872,212,079 (40%)
Total Volume	2,757,310,313¹	440,848,165¹	2,150,102,965¹	2,154,178,731¹

A mixed day on the street with down volume and declining issues winning the fray. Thanks to 3M and Microsoft, the DJIA was up to another all-time record. If those two stocks had not moved higher, the DJIA would have joined the S&P 500 on the negative side. The wise guys keep pushing against a tide of poor economic results and earnings results are helping them stay in the game. At the end of the day, the breadth of the market ended on the downside with the S&P 500 showing distribution.

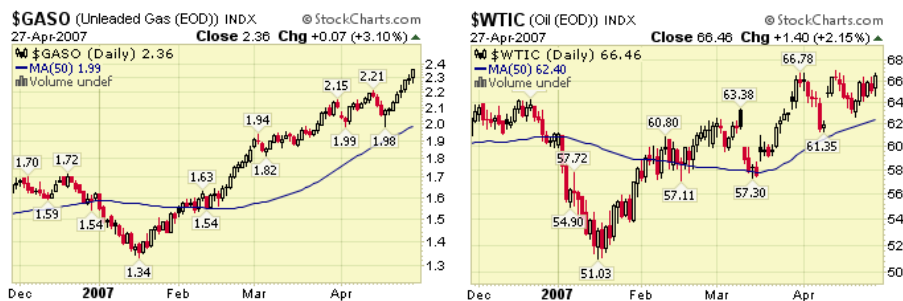
The employment cost index report showed increased wage inflation. The 1.1% increase in wages and sales in the first quarter of 2007 was the largest rise since a 1.3% increase in the first quarter of 2001. Gasoline made yet another high closing at \$2.2536 for May delivery. Crude oil continues to hold in the \$66/bbl range. From Shadow Government Statistics comes these comments about the March CPI report.

Alternate Annual CPI Inflation at 10.2%. The BLS reported seasonally-adjusted March CPI-U with a monthly gain of 0.61% (0.91% unadjusted) +/- 0.12% (95% confidence interval), up from February's 0.37% (0.53% unadjusted) gain. Annual inflation was reported at 2.78% for March, up from 2.42% in February.

Adjusted to Pre-Clinton Era methodologies, annual inflation was about 6.2%, up from 5.7% in February. Reset to the methodologies of 1980, the SGS Alternate Consumer Inflation Measure rose to 10.2% in March, up from 10.0% in February.

Seasonally-adjusted March PPI rose 1.0% (1.4% unadjusted) for the month, following a 1.3% increase in February. Annual PPI inflation jumped to 3.2% in March from 2.5% in February.

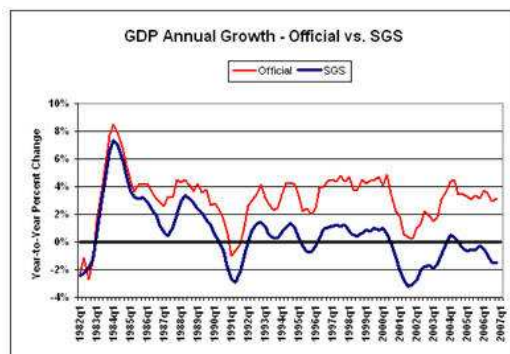
Clearly, the CPI report from the Ministry of Truth without food and energy used by real people in their daily lives presents a picture devoid of reality.



GDP for the 1st quarter was only up 1.3% in the initial report and below the 1.8% consensus estimate. A look at the chart of real GDP growth shown below should not be comforting to investors. The deceleration in growth was due to a decline in exports, a rise in imports, slower government spending, and a marginal slowing in consumer spending. In the other direction, business fixed investment improved while residential and inventory investment were less negative than in the fourth quarter.

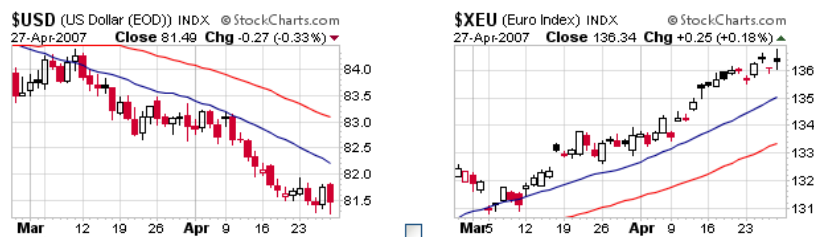


Shadow Government Statistics measures GDP without many of the hedonic and seasonal changes which the Ministry of Truth incorporates to hid the real world. The following chart from SGS shows that in reality, growth in the U.S. is really negative. M3 growth according to SGS is running at a 12% annual rate. Is it any wonder that many foreign and domestic holders of U.S. dollars are beginning to reduce those positions.



The University of Michigan consumer sentiment reading for April was below March's level suggesting that the consumer was not eager to increase spending levels. As noted earlier in the Musings this week, the home equity ATM funding has fallen almost 80% in the past 12 months.

The dollar continued under pressure closing at 81.35. The Euro made an all-time high against the dollar at 136.42.



The continued growth of financial derivatives continues to worry me. The Bank of Montreal took a loss of some \$350 to \$450 million CDN this month in its derivative trading on mostly natural gas futures. Compare the loss for the bank to its total trading revenue last year of only \$650 million CDN. Now

compare the Bank of Montreal situation to JP Morgan where they have over \$68 Trillion on the derivatives book in notational value. During 3 of the 4 most recent quarters JP Morgan increased the derivative book at \$5 Trillion per quarter. I wonder what might happen if JP Morgan as did the Bank of Montreal finds itself faced by a unique market condition that the black-boxes have failed to quantify.

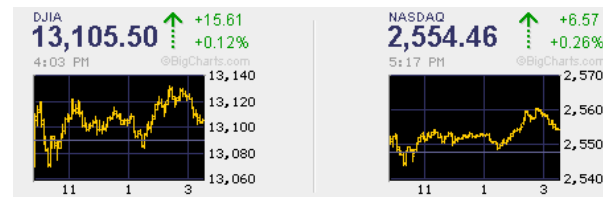
John Grieve, a deputy governor of the Bank of England, is concerned about the growth of financial derivatives. The credit derivatives market has doubled each year since 2003. Warren Buffet has described derivatives as "financial weapons of mass destruction" that can threaten the stability of the world's entire economic system. Of course, financial guru's are always right, aren't they? But don't ask the Nobel price winners who ran LTCM to explain why their company failed?

A new contract in uranium will begin trading on May 7th. Since the contract will be a hybrid of cash-settlement (undeliverable underlying product) and an ETF (which is not auditable by anyone), why anyone would invest in the vehicle is beyond me. Wise investors should stay away.

Clearly inflation is moving higher and the economy is barely moving ahead. The proper economic term is that the U.S. is in the midst of "stagflation."

Today's market action presented once again a need to use Action Points. Both ROCM and WFR suffered major losses and only the use of Action Points prevented more serious losses occurring in the Conservative portfolio. The arbitrage play in SPI (Scottish Power) in the Aggressive portfolio was concluded at a profit. There were no other changes in the portfolios today.

4/26/2007 After the Close



The tussle between the bulls and bears continues!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,501 (45%)	582 (45%)	1,477 (46%)	720 (35%)
Declining Issues	1,706 (51%)	605 (47%)	1,587 (50%)	836 (40%)
Unchanged Issues	164 (5%)	108 (8%)	129 (4%)	514 (25%)
Total Issues	3,371	1,295	3,193	2,070
New Highs	321	197	192	225
New Lows	26	35	67	247
Up Volume	1,471,412,004 (46%)	229,284,980 (50%)	1,346,638,180 (54%)	337,047,660 (23%)
Down Volume	1,702,618,912 (53%)	217,714,147 (48%)	1,143,478,112 (45%)	576,649,035 (39%)
Unchanged Volume	39,802,558 (1%)	7,465,000 (2%)	26,722,294 (1%)	559,818,521 (38%)
Total Volume	3,213,833,474¹	454,464,127¹	2,516,838,586¹	1,473,515,216¹

On the big board, profit-taking was seen despite the DJIA making another record high. If 3M had not moved up 4.6% today on a 52% rise in 1st qtr profits, the DJIA would have ended in negative territory. The S&P 500 went down and down volume increased today. On the NASDAQ the number of declining issues increased while up volume also moved higher. Is this a case of investors heading towards higher quality stocks.

For the first time in weeks, we had four new stocks added to the Stock Watch List in one day. The number of stocks making our screen also moved to double digits and at 16 today was the highest level in months.

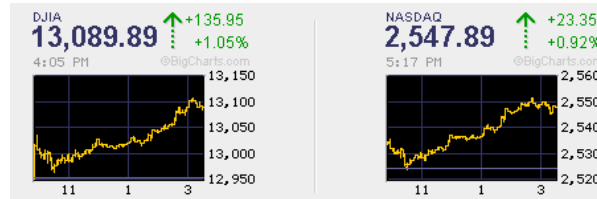
Today's economic news provided little comfort to an improvement in the "muddling-through" status of the economy. Jobless claims remain nearly unchanged, more stocks were downgraded today than upgraded and more forecasts were decreased than increased. Still the market seems intent on moving toward higher ground based upon better than expected earnings from Dow components. Perhaps, it might be useful if the analysts really dug into the numbers to see how effective stock buybacks have been in the last year in increasing the EPS numbers.

U.S. companies are still reluctant to invest in capital equipment and off-shore sourcing has taken well over 2 million high-paying manufacturing jobs in the last two years. At some point, the ability of consumers to continue to support this economy will become a problem. In 2007, the ATM money machine using home equity has fallen from \$1 trillion a year to about \$200 billion. That is \$800 billion of consumer spending that has disappeared. In an \$11 trillion GDP economy a reduction of consumer spending of that magnitude should cause some concern.

The U.S. dollar was up today closing at \$81.76. Yield on the 10 year Treasury also moved higher closing at 4.68%. Silver held up as did copper. Crude oil was nearly unchanged.

Gold was trashed hard today and we sold the long positions in our Precious Metals portfolio with the exception of ECU.V. There were no other changes in the portfolios today.

4/25/2007 After the Close



DJIA cracks 13,000 and keeps on trucking!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,272 (67%)	780 (60%)	1,825 (57%)	728 (36%)
Declining Issues	960 (28%)	406 (31%)	1,249 (39%)	815 (40%)
Unchanged Issues	142 (4%)	105 (8%)	123 (4%)	503 (25%)
Total Issues	3,374	1,291	3,197	2,046
New Highs	400	267	202	225
New Lows	17	32	52	258
Up Volume	2,602,041,946 (82%)	428,456,084 (85%)	1,706,774,154 (63%)	519,592,945 (27%)
Down Volume	546,600,816 (17%)	67,586,814 (13%)	976,760,174 (36%)	321,200,221 (17%)
Unchanged Volume	25,259,591 (1%)	8,361,000 (2%)	27,699,150 (1%)	1,057,731,812 (56%)
Total Volume	3,173,902,353¹	504,403,898¹	2,711,233,478¹	1,898,524,978¹

As the European markets moved higher before the opening in NY, you should have known that the wise guys were going to try to move the DJIA above 13,000. After moving higher in the first 30 minutes, the market began to slide south until 10:30 am EDT whereupon it began another move into all-time record territory for the DJIA.

Note that the number of advancing issues on the NYSE and NASDAQ were significantly higher. The up volume on the NYSE was 4:1 over down volume today. It looked after the bottom if people were rushing to catch the train before it left the station.

The durable goods report was positive but it still is below the reading for December 2006. When speculative fever is high, don't let things like financial engineering and stock buybacks deter the rational investor from entering the fray.

Today, we purchased SCHN, RS, ALJ, EGN, and SPI in the Aggressive portfolio. These stocks were selected using the following screen in DGO®'s Custom Screen Wizard.

Screen Criteria	Parameters
Earnings Per Share (EPS) Rating	From 85 to 90
Relative Price Strength (RS) Rating	From 85 to 90
Industry Group Relative Strength (GRP RS) Rating	A, B, C
Sales + Profit Margins + ROE (SMR) Rating	A, B
Accumulation/Distribution (Acc/Dis) Rating	A, B
SmartSelect® Composite Rating	From 70 to 99
Current Total Annual Sales (Mil.)	Greater than or equal to: 10.0
Current Price	Greater than or equal to: 5.000
Current 50-Day Average Volume(1000)	Greater than or equal to: 200

In addition, we purchased in the Conservative portfolio from the repurchase list, WFR and ROCM. There were no other changes in the portfolios today.

4/24/2007 After the Close



The push to 13,000 for the DJIA failed today!

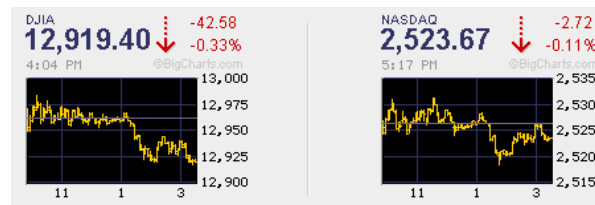
ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,439 (43%)	509 (40%)	1,379 (43%)	690 (34%)
Declining Issues	1,790 (53%)	640 (51%)	1,674 (53%)	821 (41%)
Unchanged Issues	154 (5%)	118 (9%)	126 (4%)	505 (25%)
Total Issues	3,383	1,267	3,179	2,016
New Highs	226	93	147	216
New Lows	24	19	73	233
Up Volume	1,560,191,071 (49%)	313,935,895 (60%)	1,245,416,725 (53%)	539,671,414 (26%)
Down Volume	1,594,039,920 (50%)	197,733,682 (38%)	1,067,209,656 (45%)	953,194,312 (46%)
Unchanged Volume	45,977,002 (1%)	15,445,579 (3%)	35,204,132 (1%)	575,943,767 (28%)
Total Volume	3,200,207,993¹	527,115,156¹	2,347,830,513¹	2,068,809,493¹

Despite poor sales of existing homes and a unfavorable consumer confidence reading, the wise guys tried to take the DJIA to 13,000 on an intra-day basis. However, the move failed and the market's managed to closed mixed. Volume improved over yesterday but on the Big Board, the bears and bulls were about even.

We finally arrived home after fighting the unsettled weather for the last two hours of the drive in from El Paso. We purchased MTOX in the Conservative Portfolio today. Yesterday, UCTT made the list but it gapped down on the open today. We trust that the down gap prevented our subscribers from rushing into a long position in the stock.

There were no other changes in the portfolios today.

4/23/2007 After the Close



Broke the string today!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,570 (46%)	567 (44%)	1,292 (40%)	754 (36%)
Declining Issues	1,664 (49%)	611 (47%)	1,763 (55%)	800 (39%)
Unchanged Issues	145 (4%)	109 (8%)	138 (4%)	522 (25%)
Total Issues	3,379	1,287	3,193	2,076
New Highs	306	202	168	229
New Lows	15	26	57	243
Up Volume	1,165,148,054 (45%)	99,506,770 (25%)	958,002,081 (47%)	1,024,872,246 (38%)
Down Volume	1,422,118,133 (54%)	285,500,188 (72%)	1,025,367,491 (51%)	467,683,339 (17%)
Unchanged Volume	29,309,459 (1%)	12,598,672 (3%)	34,255,337 (2%)	1,223,774,825 (45%)
Total Volume	2,616,575,646¹	397,605,630¹	2,017,624,909¹	2,716,330,410¹

Despite news from Barclay's and Bank of America, the string of continued upward records for the DJIA came to an end today. We got a late start due to the Maverick's disaster in Dallas and overslept the alarm. Oh, well, not much happened today in the market anyway outside of some financial engineering.

Some of the unease in today's market action was blamed on oil increasing because of concerns over Nigerian shipments. A look at the advances and declines shows no major difference although down volume was slightly higher.

The number of analyst downgrades and decreased forecasts were again higher than their counterparts according to the NASDAQ chart. Sure seems like the

market is somewhat ahead of the real world.

We have now arrived at 10:30 p.m. in El Paso for the night from Los Angeles so this will be short. This morning we sold RGLD and GG from the Precious Metals portfolio and doubled our position in ECU.v in that portfolio.

We hope to be back in Dallas tomorrow evening.

4/20/2007 After the Close



The DJIA closed in all-time record territory! AGAIN!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,507 (75%)	863 (66%)	2,075 (65%)	779 (38%)
Declining Issues	727 (22%)	346 (26%)	939 (30%)	735 (36%)
Unchanged Issues	127 (4%)	106 (8%)	162 (5%)	510 (25%)
Total Issues	3,361	1,315	3,176	2,024
New Highs	341	226	166	221
New Lows	13	31	52	243
Up Volume	2,612,444,651 (78%)	453,623,020 (90%)	1,516,958,372 (70%)	394,880,548 (18%)
Down Volume	726,675,320 (22%)	46,279,792 (9%)	580,758,505 (27%)	415,896,574 (19%)
Unchanged Volume	27,727,787 (1%)	5,886,730 (1%)	62,119,735 (3%)	1,374,473,953 (63%)
Total Volume	3.366.847.758¹	505.789.542¹	2.159.836.612¹	2.185.251.075¹

Today, up volume surged as the bulls rushed to get on the roller-coaster! Let's hope that the market keeps headed up. Earnings surprises from Google and JP Morgan helped the market gap up at the open. After the first 15 minutes, the market failed to move much higher during the day although the DJIA closed up 153.25 points, or 1.2% on heavy volume to finish at another all-time record high. While not quite as strong, the NASDAQ was up 0.84% but did not close at the high for the day like the DJIA.

But we also have to remember that **NASDAQ showed showed distribution yesterday and the day before. Also, the NYSE had a distribution day yesterday.**

Could we be looking at 13,000 next week?

Of course, as the wise guys try to push the market higher. But does it really mean anything if purchasing power of the US dollar continues to decline?

Personally, I hesitate to argue with the market's direction. But I am not worried about having a significant portion of the Conservative and Aggressive portfolios in cash at the moment. We are just one week into earnings season. The economic news has not been suggestive of an economy that is turning around. Perhaps, this is another case where the wise guys keep pushing the market higher before reality of a economic slow-down and a further decline in the dollar comes to the forefront.

One of the items I check to determine the potential movement in the market direction is the number of stocks whose ratings are changed daily from the NASDAQ website. Today's count is shown below and it is not substantially different from those of the previous ten days. Hence, I ask the question, if more companies and forecasts are being downgraded and decreased, why is the DJIA and other averages headed up?

Analyst Changes	
Intraday Recommendations	Forecasts
19 Upgrades	518 Increased
32 Downgrades	663 Decreased

Today, the dollar arrested its downward slide closing at 81.69 after eight straight days of losses.



Yesterday, we discovered after getting to our rooms late that the internet connection signal could not be received. Hence, we did not post anything yesterday.

There were no changes in the portfolios today.

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Keep it Safe, Simple and Stay Focused!
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