

STRATEGIC INVESTING

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Strategic Investing focuses on stocks with increasing revenues and profits. KISS + SF!

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5/11/2007 After the Close



Although the market was higher from the opening, it failed to recover Thursday's losses.

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,509 (74%)	804 (64%)	2,113 (67%)	780 (39%)
Declining Issues	749 (22%)	376 (30%)	902 (29%)	707 (36%)
Unchanged Issues	111 (3%)	72 (6%)	136 (4%)	496 (25%)
Total Issues	3,369	1,252	3,151	1,983
New Highs	144	74	126	206
New Lows	27	23	86	224
Up Volume	2,180,951,075 (80%)	429,773,136 (86%)	1,427,228,563 (79%)	482,004,126 (22%)
Down Volume	505,837,635 (19%)	67,275,080 (13%)	351,721,125 (20%)	795,214,809 (36%)
Unchanged Volume	34,878,682 (1%)	4,643,500 (1%)	22,820,018 (1%)	923,424,660 (42%)
Total Volume	2.721.667.392¹	501.691.716¹	1.801.769.706¹	2.200.643.595¹

Also, volume dropped on the major exchanges. A lack of volume might suggest problems lie ahead. During the day, we again were out of touch but found that no Action Points were violated in today's trading.

We are now in Phoenix after talks in Houston on Friday and Saturday and then driving here. We will have an expanded Musings on Monday. We have also updated the Economic Indicators and Market Overview charts which can be accessed through the side panel. These were presented at the Houston Investors Association meeting on Saturday.

5/10/2007 After the Close

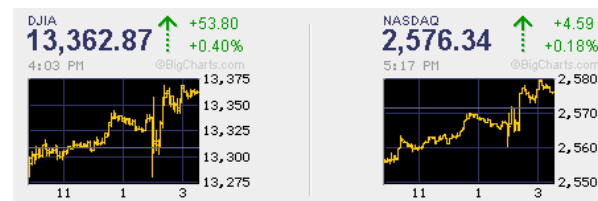


Not a good day for the longs!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	740 (22%)	329 (25%)	664 (21%)	633 (32%)
Declining Issues	2,500 (74%)	858 (66%)	2,389 (75%)	853 (43%)
Unchanged Issues	122 (4%)	104 (8%)	114 (4%)	503 (25%)
Total Issues	3,362	1,291	3,167	1,989
New Highs	145	60	118	202
New Lows	34	20	87	246
Up Volume	346,927,817 (12%)	58,554,125 (12%)	272,241,775 (13%)	752,132,610 (34%)
Down Volume	2,604,407,020 (87%)	441,986,683 (88%)	1,783,903,502 (86%)	814,635,101 (37%)
Unchanged Volume	37,850,763 (1%)	3,758,229 (1%)	9,934,072 (0%)	619,952,069 (28%)
Total Volume	2,989,185,600¹	504,299,037¹	2,066,079,349¹	2,186,719,780¹

We were out of touch with the market all day and found that NVEC was sold on a hard stop Action Point when we got to Houston.

5/09/2007 After the Close



The FED kept interest rates unchanged and the market moved higher!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,017 (60%)	735 (57%)	1,654 (52%)	734 (37%)
Declining Issues	1,182 (35%)	456 (35%)	1,350 (43%)	777 (39%)
Unchanged Issues	162 (5%)	97 (8%)	153 (5%)	466 (24%)
Total Issues	3,361	1,288	3,157	1,977
New Highs	278	215	172	202
New Lows	18	35	54	225
Up Volume	1,964,265,242 (67%)	385,488,243 (77%)	1,248,406,335 (57%)	1,042,816,843 (38%)
Down Volume	947,603,031 (32%)	111,858,736 (22%)	922,926,856 (42%)	921,628,670 (33%)
Unchanged Volume	26,366,048 (1%)	5,368,010 (1%)	24,099,381 (1%)	800,414,308 (29%)
Total Volume	2,938,234,321¹	502,714,989¹	2,195,432,572¹	2,764,859,821¹

The FED did not hardly change the language from last FOMC meeting reiterating that any future rate change will depend upon growth and inflation. The DJIA bounced up to close at an new all-time record high. Advancing issues and up volume predominated across the board even prior to the FED's release.

Well, we know about inflation ... it is rearing its head. Growth is more difficult ... show me a major sector other than energy and hard commodities that is going great guns. Of course, the FOMC admitted that "**Economic growth slowed in the first part of this year.**" The previous statement was that "recent indicators have been mixed."

While the head of Goldman, Sachs is calling for future rate cuts, the fragile dollar will probably break through 80 if that occurs in the near future. Bernanke and the FED are stuck between that well-know rock and the other hard place. Housing continues to show signs of further weakness and exports are dropping despite a weaker dollar. The Bank of England may increased its rates by either a quarter or half of a point tomorrow as they see consumer inflation running 3.1% despite predicting for months that it was headed lower.

Shortly after the open this morning, we added AFSI, BWLD, TNH, POT, NGA and AVT to the Conservative portfolio.

This week has been chock-full of unplanned events plus the rush to take off on our trip to Alaska. We will spend the weekend of May

We will be off to Houston in the morning and then out to Las Vegas on Monday. While we are traveling towards the Artic Circle, we will be having intermittent reports. During this period, we will be using hard stops to monitor our positions. When we are out of internet access (fishing or sight-seeing), we may not post the Musings on a daily basis.

We will let you know by email when we update anything on Strategic Investing. The next Musings will be on Monday although we will update the portfolios on Friday evening.

5/08/2007 After the Close



Gliding to a mixed close while waiting the FOMC decision tomorrow!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,306 (39%)	454 (35%)	1,253 (39%)	705 (35%)
Declining Issues	1,885 (56%)	700 (55%)	1,783 (56%)	799 (40%)
Unchanged Issues	181 (5%)	128 (10%)	140 (4%)	497 (25%)
Total Issues	3,372	1,282	3,176	2,001
New Highs	163	83	144	210
New Lows	25	22	64	228
Up Volume	1,146,286,695 (40%)	116,619,972 (25%)	1,128,422,873 (56%)	499,486,764 (21%)
Down Volume	1,657,610,020 (58%)	344,158,736 (74%)	813,123,653 (40%)	525,727,832 (22%)
Unchanged Volume	31,896,723 (1%)	5,226,910 (1%)	78,914,650 (4%)	1,341,207,664 (57%)
Total Volume	2,835,793,438¹	466,005,618¹	2,020,461,176¹	2,366,422,260¹

After the market opened down by taking the cue from the Far East and European exchanges, it began to level off and then start a long climb up towards a close that was hardly changed from the previous day. The DJIA was off 75 points in early trading before heading north to close off 3.9 points or down 0.03%. Today you need a microscope to see the differences in the major indices from yesterday.

Declining issues outnumbered advancing issues on both exchanges. However, up volume on the NASDAQ was higher than down volume. Wednesday we get the FED's latest comments on the economy. The housing situation continues to worsen.

The National Association of Realtors cut its U.S. housing forecast again on Tuesday, saying that stricter lending standards and a decline in subprime mortgage origination has cut down on speculative buying and hurt prices.

The realtors said existing homes sales are likely to total 6.29 million this year compared to 6.48 million last year. The trade group's previous forecast, issued in April, was for 6.34 million existing homes sold in 2007.

The group said new home sales were projected at 864,000 in 2007 and 936,000 in 2008, both down from the 1.05 million sold in 2006.

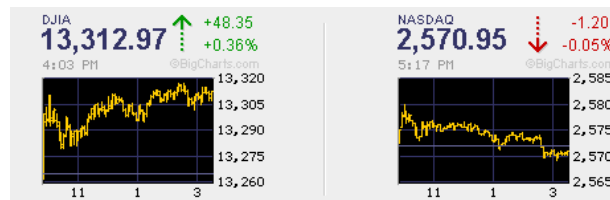
Today's retail sales figures for the last week were not great reinforcing the theory that the economy is struggling. The NASDAQ tabulation of analyst changes continues to suggest that the economy is contracting.

Analyst Changes	
Intraday Recommendations	Forecasts
11 Upgrades	548 Increased
24 Downgrades	862 Decreased
28 Coverage Initiated	

Oil managed an up day closing at 62.26. The U.S. dollar gained 0.27 to close at 81.94.. Interest on the 10 year note was basically unchanged also at 4.634%.

We might as well have gone fishing for all the difference today made in the portfolios. There were no changes in the portfolios today.

5/07/2007 After the Close



Five straight record closing highs for the DJIA!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,768 (52%)	682 (53%)	1,425 (45%)	766 (37%)
Declining Issues	1,449 (43%)	486 (38%)	1,622 (51%)	801 (39%)
Unchanged Issues	157 (5%)	108 (8%)	150 (5%)	495 (24%)
Total Issues	3,374	1,276	3,197	2,062
New Highs	300	235	167	223
New Lows	15	22	51	247
Up Volume	1,535,214,863 (60%)	238,968,906 (63%)	775,327,703 (44%)	862,766,301 (34%)
Down Volume	942,139,490 (37%)	132,199,084 (35%)	909,549,389 (52%)	458,779,960 (18%)
Unchanged Volume	89,191,013 (3%)	8,100,946 (2%)	72,324,049 (4%)	1,203,168,084 (48%)
Total Volume	2,566,545,366¹	379,268,936¹	1,757,201,141¹	2,524,714,345¹

Although volume on the Big Board was down slightly as investors were waiting for the FOMC meeting to conclude on Wednesday, falling oil prices and some M&A activity kept the game going for the bulls. You do have to keep questioning the state of the economy when today 791 forecasts were decreased while only 492 were increased. If that trend does not change, eventually, this market is going to move lower.

Analyst Changes	
Intraday Recommendations	Forecasts
20 Upgrades	492 Increased
18 Downgrades	791 Decreased
13 Coverage Initiated	

Consumer credit ballooned \$13.5 billion in March which was way outside of expectations and February's revised \$5.5 billion increase. Perhaps, consumers were increasing their borrowing for loan payments to avoid foreclosure and the Easter splurge.

Crude oil continued to fall but the yield on the 10 year Treasury has held around 4.65% for about two weeks. The U.S. dollar index has fought its way back from 81.25 to close at 81.68 today. Gold was off slightly in today's trading in NY closing at 688.68 just below the 692.50 resistance level.

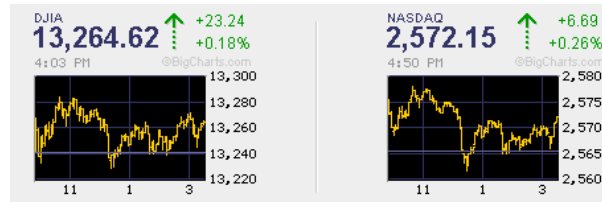


The A+190 screen this even was up to 15 companies which is the highest number of companies on the list in several months. Still only two new companies were added to the list with the increase mostly coming from companies on the list whose ratings went from B to A.

We made no changes in the portfolios today.

We will be headed to Houston on Thursday so there will not be any Musings on Thursday or Friday. Then it is off to Las Vegas for the Money Show. Following that, we will be headed to the North Country for a vacation. We will post the Musings over the next few weeks as we find access to the internet so things may be haphazard until our return.

5/04/2007 After the Close



Does a tree grow to the moon?

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,890 (57%)	749 (60%)	1,724 (54%)	729 (36%)
Declining Issues	1,304 (39%)	393 (32%)	1,292 (41%)	757 (38%)
Unchanged Issues	135 (4%)	105 (8%)	159 (5%)	520 (26%)
Total Issues	3,329	1,247	3,175	2,006
New Highs	306	226	189	221
New Lows	20	32	53	232
Up Volume	1,657,259,747 (60%)	363,354,875 (78%)	1,495,178,149 (65%)	555,392,913 (22%)
Down Volume	1,052,120,927 (38%)	97,120,910 (21%)	765,584,717 (33%)	1,142,582,960 (44%)
Unchanged Volume	31,935,134 (1%)	6,842,182 (1%)	32,240,488 (1%)	878,009,833 (34%)
Total Volume	2,741,315,808¹	467,317,967¹	2,293,003,354¹	2,575,985,706¹

The market continued higher across the board today with buyers stepping up to buy stocks on up-ticks. Prudent investors must wonder how many more days can the market head higher without a major correction. The DJIA has now made 19 record highs in 2007 and four straight this week. Simply unprecedented!

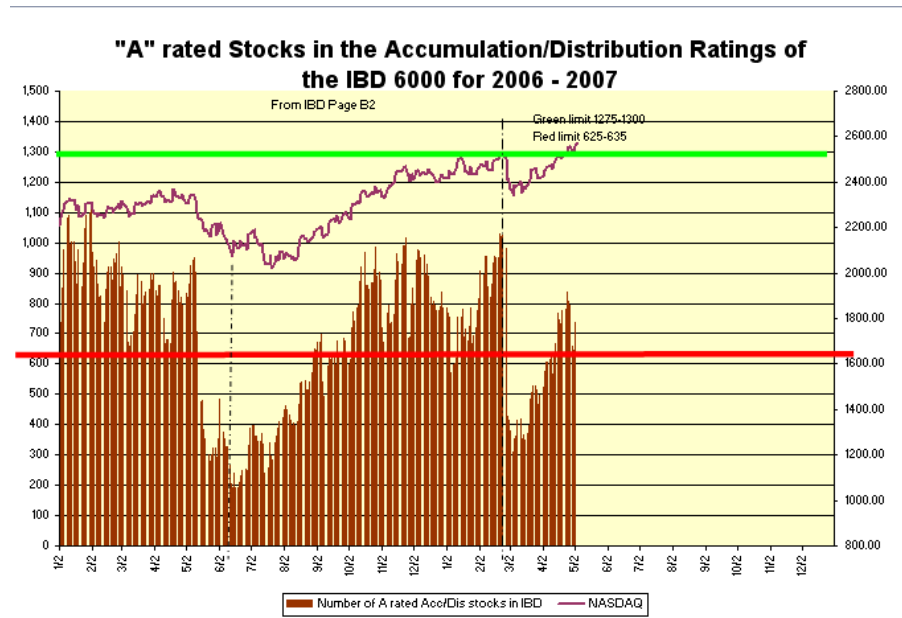
The return to above 1,500 for the S&P 500 puts the closing high of 1,527.46 -- reached March 24, 2000 -- within investors' sights.

Was it the permanent repo's from the FED that kept the market headed higher or was it simply more financial engineering and merger rumors that kept it headed higher? Perhaps, it is the wise guys trying to push the DJIA to 14,000 based upon the earnings performance in the first quarter. Those earnings reports are the result of some of the largest stock buy-backs in history which have helped increase earnings per share for many of the DJIA stocks. Globalization profits have also helped but one analysts has suggested that investors should be cognizant of the level of actual operating earnings in total before getting to enthusiastic about earnings in the first quarter.

The April Employment report was issued today and it was pure Ministry of Truth befuddlement! For example, for the year to date since December 2006, the number of seasonally employed has fallen by 140,000 according to the BLS. Of that decline, the Birth/Death Adjustment fudge factor has added 388,000 phantom jobs to the numbers. Oops! that allows the unemployment rate to hold steady at 4.5%. Pure fiction as line U-6 of the April 2007 report shows the real seasonally adjusted-rate as being up 0.2% to 8.2%.

2007	Jan	Feb	Mar	Apr	Total
Household Data					
Employment, S.A.	145957	145919	146254	145786	
Change from Previous Month	31	-38	335	-468	-140
Birth/Death Adjustment	-175	118	128	317	388
					-277%
Source: BLS Employment Reports					
Table A-1. Employment status of the civilian population by sex and age.					
Note: January 2005 had a major revision in the population controls.					

Despite the 19 record highs in the DJIA this year, the NASDAQ is far from making a new record high. In reviewing the number of "A" rated stocks in the IBD Accumulation/Distribution ratings, we are now finding weakness showing up while the NASDAQ as well as the other indices continue to increase in value. In the past, when this has happened, the market began to correct.



There were no changes in the portfolios today.

This issue of Market Musings is a feature of the Strategic Investing website. It is for the education of our subscribers and does not constitute a recommendation to buy or sell any particular security.

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Keep it Safe, Simple and Stay Focused!
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