



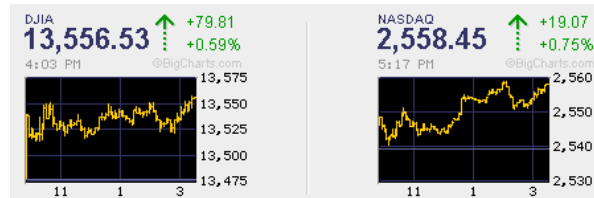
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5/18/2007 After the Close



The DJIA made another new record high on increased volume!

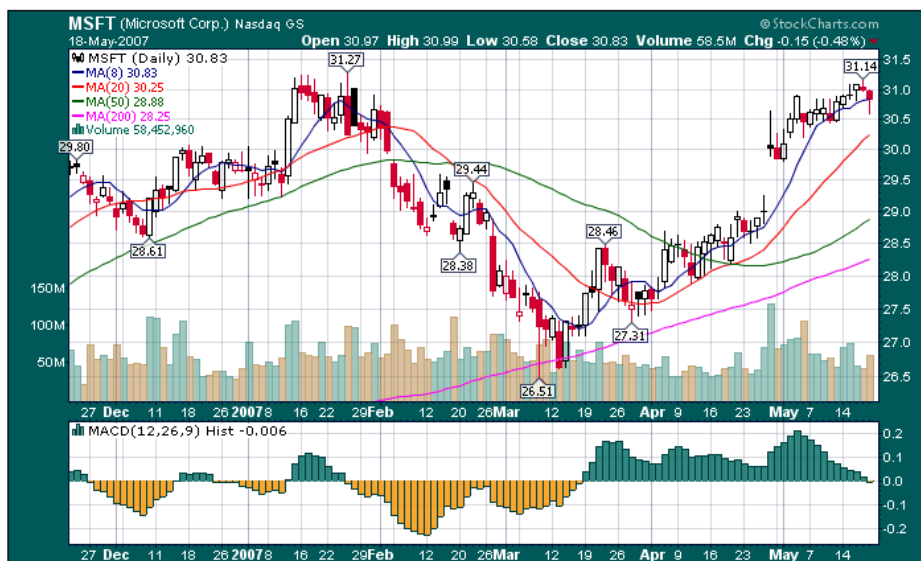
ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,998 (59%)	760 (59%)	1,923 (60%)	736 (37%)
Declining Issues	1,224 (36%)	440 (34%)	1,095 (34%)	746 (37%)
Unchanged Issues	158 (5%)	81 (6%)	164 (5%)	533 (26%)
Total Issues	3,380	1,281	3,182	2,015
New Highs	266	174	138	202
New Lows	33	46	93	248
Up Volume	2,168,183,491 (73%)	433,132,999 (82%)	1,375,260,843 (66%)	475,230,096 (26%)
Down Volume	776,585,574 (26%)	84,385,062 (16%)	683,060,585 (33%)	399,219,755 (22%)
Unchanged Volume	28,192,801 (1%)	7,584,800 (1%)	19,945,824 (1%)	976,592,447 (53%)
Total Volume	2,972,961,866¹	525,102,861¹	2,078,267,252¹	1,851,042,298¹

Friday's market action reversed the down trend from Thursday and closed the week at all-time record highs for the DJIA. The Dow closed at another new high, its 24th record this year, while the S&P 500 finished at its best level in 6 1/2 years and within five points of its all-time closing high of 1527.46.



Volume picked up across the board indicating that institutions were helping move the market higher. Advancing issues and up volume definitely had the upper hand today.

Microsoft spent about \$6 billion for AQNT, an on-line advertising company, in its joust with Google for supremacy in the internet world. The market did not cheer the news of AQNT's purchase by MSFT as shown in the following chart.



GE was close to selling its plastics division to SABIC, a Saudi plastics conglomerate, for about \$11 Billion. Despite the potential influx of cash to GE, the market failed to show much enthusiasm for this deal also. GE remains locked into the \$32 - \$38 dollar range since October 2004.



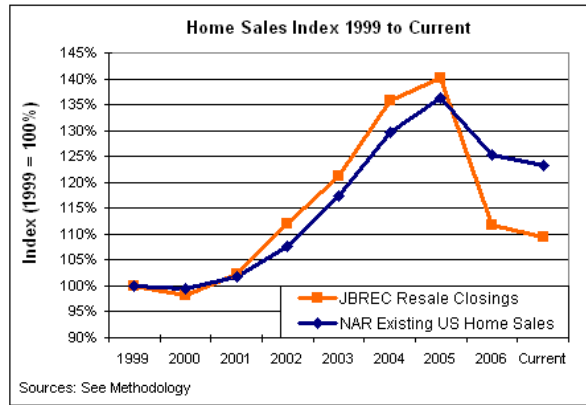
The market continues to move higher despite earnings disappointments during the past week. With over 80% of the S&P 500 companies reporting so far, the first quarter earnings growth seems about 8% over the previous quarter.

The market seems driven by liquidity and financial engineering transactions in the M&A world. You have to be a real optimist to get excited about all this merger and private equity transactions. For as the DaimlerChrysler merger proved once again, over half of all mergers fail for a number of reasons. The shareholders inevitably find themselves short-changed in over half of these transactions. The winners tend to be the investment bankers and the employees with the golden parachutes.

Housing starts were up in April causing some on Wall Street to predict that the housing market was getting better.

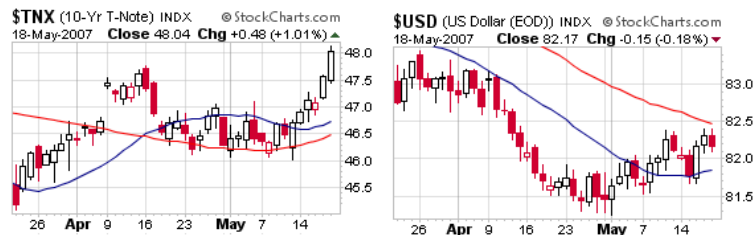


Of course, building permits fell to a 14 year low and continue to be of concern despite all the talk from the Ministry of Truth. John Burns of Real Estate Consulting has the following chart showing the real decline of the housing market.



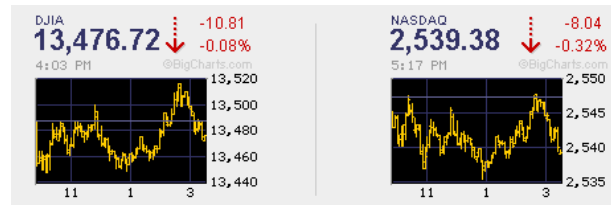
<http://www.realestateconsulting.com/usanalysis/usanalysis200705.html>

Interest rates on the 10 year note rose to their highest level since early February 2007 in Friday's trading. The U.S. dollar closed off at 82.17 despite an indication that the Chinese yuan might be loosened before talks with the U.S. Treasury next week..



We made no changes in the portfolios today. Next week, the Musings may be intermittent as we are headed towards Alaska from Seattle, going to Vancouver on Monday and then north..

5/17/2007 After the Close



Finally a down day for the DJIA and the NASDAQ!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,265 (37%)	529 (41%)	1,129 (35%)	678 (34%)
Declining Issues	1,978 (58%)	667 (52%)	1,906 (60%)	820 (41%)
Unchanged Issues	158 (5%)	94 (7%)	147 (5%)	515 (26%)
Total Issues	3,401	1,290	3,182	2,013
New Highs	194	115	118	215
New Lows	43	43	108	239
Up Volume	1,360,208,708 (47%)	125,685,882 (24%)	922,893,081 (46%)	186,899,234 (11%)
Down Volume	1,482,744,788 (51%)	381,349,158 (74%)	1,080,303,752 (53%)	1,216,561,662 (69%)
Unchanged Volume	52,874,459 (2%)	7,878,600 (2%)	20,291,149 (1%)	364,959,542 (21%)
Total Volume	2,895,827,955¹	514,913,640¹	2,023,487,982¹	1,768,420,438¹

Although most indices were off today, volume also declined so that no distribution days were counted. Declining issues predominated in today's trading. The S&P 500 chart shown below looks like it might be making a top. Time will tell.



The U.S. dollar gained ground o 82.32, yields on the 10 year Treasury closed up at 4.75 %, and gold came under further pressure. Oil was up as was gasoline ... just in time for the trip to Alaska! Sends chills down my spine to fill up for \$70 per tank..



BTJ was old today on an Action Point violation. There were no other changes in the portfolios today. Next week, we will be in Canada and hence, the Musings may be delayed.

5/16/2007 After the Close



Volume drops but market moves higher!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,024 (60%)	675 (52%)	1,787 (56%)	655 (33%)
Declining Issues	1,205 (36%)	561 (43%)	1,235 (39%)	834 (42%)
Unchanged Issues	158 (5%)	66 (5%)	153 (5%)	480 (24%)
Total Issues	3,387	1,302	3,175	1,969
New Highs	170	85	116	218
New Lows	35	38	117	226
Up Volume	2,075,669,011 (71%)	449,357,093 (76%)	1,466,933,942 (67%)	603,590,972 (34%)
Down Volume	807,902,491 (28%)	135,431,758 (23%)	682,370,216 (31%)	861,293,465 (49%)
Unchanged Volume	35,734,203 (1%)	5,929,754 (1%)	25,160,985 (1%)	291,162,263 (17%)
Total Volume	2,919,305,705¹	590,718,605¹	2,174,465,143¹	1,756,046,700¹

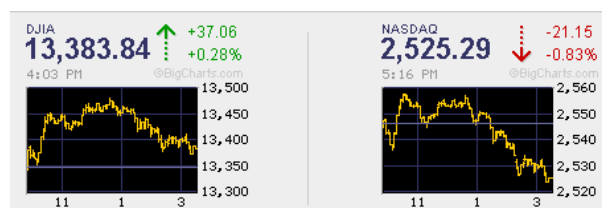
Despite the lower volume, advancing issues outnumbered declining issues as the market powered to another new record closing high for the DJIA. With the exception of the Gold Bugs index, most indices managed to post nice gains. The S&P 500 is at its highest level for the year.

According to Bloomberg radio on XM during my travels today, some guru's ascribed today's action to the surge in housing starts while ignoring the fall in housing permits to new low level for the past ten years. Builders will continue to build as long as their financing sources continue to feed them money. But with prices dropping throughout the nation along with an increase in foreclosures and the number of homes available for sale, one can only wonder when the lenders and their credit committees begin to really reduce funds to the builders.

Although crude was down in today's trading, both natural gas and gasoline futures were higher. Go figure. The U.S. dollar was higher while the yield on the 10 year Treasury fell. Gold suffered another loss as did silver and copper.

We made no changes in the portfolio today.

5/15/2007 After the Close



More distribution despite another record high close for the DJIA!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,201 (36%)	505 (39%)	883 (28%)	661 (33%)
Declining Issues	1,991 (59%)	704 (54%)	2,136 (67%)	881 (44%)
Unchanged Issues	173 (5%)	97 (7%)	149 (5%)	477 (24%)
Total Issues	3,365	1,306	3,168	2,019
New Highs	212	144	135	217
New Lows	38	38	123	237
Up Volume	1,277,881,169 (41%)	364,832,106 (53%)	517,926,050 (23%)	244,544,101 (11%)
Down Volume	1,760,707,775 (57%)	319,152,481 (46%)	1,753,234,795 (77%)	881,349,875 (40%)
Unchanged Volume	76,975,037 (2%)	7,984,840 (1%)	17,061,888 (1%)	1,089,540,746 (49%)
Total Volume	3,115,563,981¹	691,969,427¹	2,288,222,733¹	2,215,434,722¹

A full morning at the Money Show in Las Vegas and then after lunch, we headed for Twin Falls, Idaho ... only 10 hours of driving ... nothing to it. And now a quick look at today's action.

Distribution showed up across the markets despite the DJIA making another new high. Following the Chrysler takeover, we took a position in both GM and F in the Aggressive Portfolio shortly after the open this morning. This trade was based upon a general sigh of relief and the possible sale of F by the family. We will hold very close stops on F and GM.

We will wait until tomorrow to comment further on today's economic mutterings from the Ministry of Truth.

5/14/2007 After the Close



More distribution despite the DJIA ending higher!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,157 (34%)	449 (35%)	981 (31%)	653 (33%)
Declining Issues	2,083 (62%)	735 (57%)	2,071 (65%)	834 (42%)
Unchanged Issues	143 (4%)	100 (8%)	118 (4%)	501 (25%)
Total Issues	3,383	1,284	3,170	1,988
New Highs	235	146	151	214
New Lows	26	28	90	237
Up Volume	1,149,403,632 (41%)	100,850,932 (20%)	776,382,339 (37%)	961,917,063 (33%)
Down Volume	1,601,783,287 (58%)	402,056,853 (79%)	1,260,755,223 (61%)	697,035,393 (24%)
Unchanged Volume	25,982,546 (1%)	5,980,241 (1%)	43,952,773 (2%)	1,220,838,855 (42%)
Total Volume	2,777,169,465¹	508,888,026¹	2,081,090,335¹	2,879,791,311¹

Only the DJIA ended in higher territory after today's close. Declining issues and down volume were the order of the day. With Cerberus Partners apparently willing to take on Chrysler's problems after 9 years of declining market share, the pension and health costs, the DJIA managed to close up.

From Reuters:

DaimlerChrysler surged 6.2 pct after it said it is selling its 80.1 pct stake in Chrysler to Cerberus and in return, the new Chrysler group will receive a capital injection of 5.5 bln eur.

It said the deal is expected to result in a net cash outflow of 0.5 bln eur for DaimlerChrysler, which will retain the obligations for Chrysler's pensions and healthcare costs.

I wonder if they have anyone other than financial engineers on staff who can put Chrysler back on the winning track. But, at least, the taxpayer did not have to bail out Chrysler again ... at least, not yet! The DaimlerChrysler provides another black mark against globalization where different management styles and cultures are not integrated.

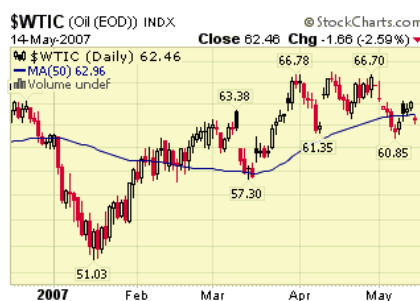
Even GM and F were helped by the Chrysler buy-out. However, the rest of the market was down as investors focused upon upcoming inflation numbers which might not be neutral according to some analysts.

Distribution days were added for both the NYSE and NASDAQ. Seems like the bears are starting to win this struggle. The following charts of the STI indicators suggest that we are near a turning point and the indicator for both the NASDAQ and the S&P 500 might be ready to turn if the market fails to continue upward.





The market failed to respond positively to a significant sell-off in crude oil and natural gas today. In recent periods if these two commodities were lower, the market averages usually moved higher. This did not occur today.



Despite the FED holding interest rates level at the latest FOMC meeting, the yield on the 10 year Treasury Note has been inching higher in response to upward moves in European rates as well as the dollar's apparent weakness.



We have now arrived in Las Vegas. On the trip from Dallas to Houston to El Paso, Phoenix and Las Vegas, the lowest unleaded gasoline price was \$2.83 in Houston and the highest was in Ft. Stockton at 3.28/gallon. Here in Las Vegas, unleaded is \$3.05 to \$3.25 depending on whether you are near the I-15 freeway or not. From Bondsonline:

AAA reported this morning that the average price at the pump for regular gasoline has risen to a record high of \$3.073/gallon, exceeding Katrina's peak. Remember every penny price increase at the pump drains \$1.3 billion from consumer disposable income. The last time prices increased at this magnitude, home prices were rising in most areas of the country and employment was increasing at a faster pace than it is currently. Consumer can either reduce spending elsewhere or increase already high debt levels. Either way, not good for the consumer.

A higher trade deficit and lower inventories will cause first quarter GDP to be revised from an anemic 1.3% to a paltry .5%-0.6%. This is well below the Fed's perceived 3% sustained growth target. The weak retail sales report released Friday implies the consumer has lost considerable momentum. As the consumer spending accounts for 70%+ of GDP growth, second quarter looks to be tracking at 1.8%-2.0%.

As the Fed is focusing on the inflation threat, this sub-par growth will by itself be unlikely to cause the Fed to alter policy as core inflation remains above its 1%-2% comfort area.

Upon our arrival, we found that TNH had been sold on a hard stop as it went through its Action Point in the Conservative Portfolio. Also, if one had purchased BID on the Stock Watch List, it should have been sold as it also violated its Action Point. There were no other changes in the portfolios.

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.

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