

STRATEGIC INVESTING

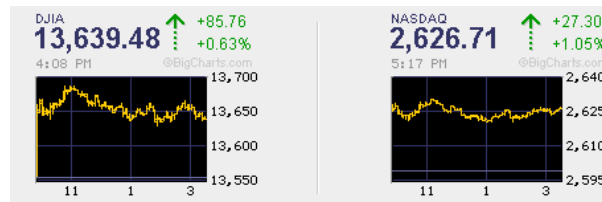
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6/15/2007 After the Close

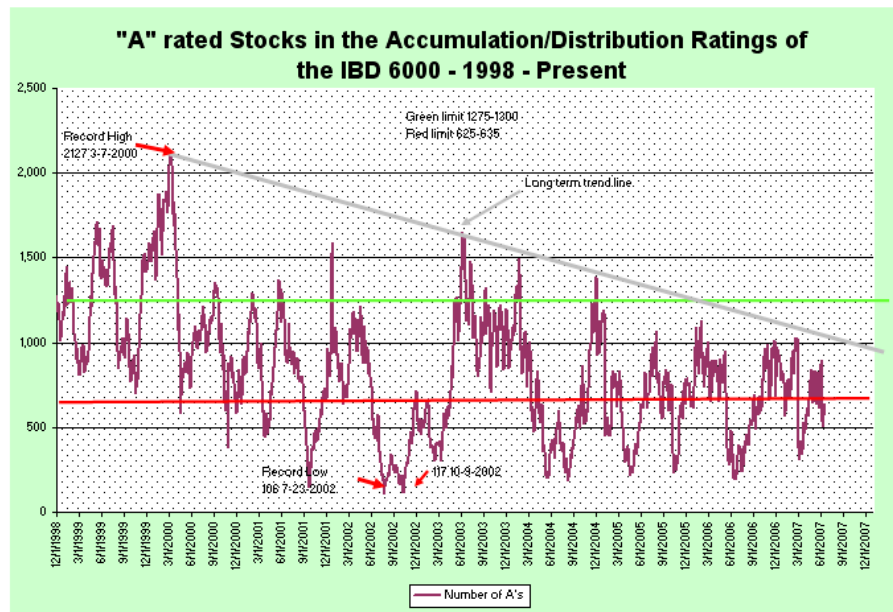


NASDAQ at a six year new high on strong volume across the board!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,548 (76%)	857 (65%)	2,020 (64%)	791 (42%)
Declining Issues	715 (21%)	365 (28%)	1,010 (32%)	658 (35%)
Unchanged Issues	104 (3%)	92 (7%)	129 (4%)	453 (24%)
Total Issues	3,367	1,314	3,159	1,902
New Highs	355	131	210	213
New Lows	41	35	54	207
Up Volume	2,676,627,474 (78%)	523,463,964 (88%)	1,898,329,614 (74%)	448,628,407 (29%)
Down Volume	676,427,493 (20%)	58,349,411 (10%)	656,525,190 (26%)	406,985,038 (26%)
Unchanged Volume	60,648,661 (2%)	10,125,925 (2%)	15,705,769 (1%)	700,572,570 (45%)
Total Volume	3,413,703,628¹	591,939,300¹	2,570,560,573¹	1,556,186,015¹

Today's volume to the upside was helped by options expiration trading as a quadruple-witching day as well as a decrease in the yield on the 10 year Treasury note to 5.16%. As we head towards the June 30th quarter mark-up period, the market could well continue to rally. However, after the Fourth of July weekend, be prepared for almost anything.

If the Hamas/Fatah civil war spreads and involves Israel, Syria and/or Lebanon in the next two weeks, ignore the above about the market rally heading higher. One of the most important indicators as to actual strength which I use is the Accumulation/Distribution data from Investors Business Daily and the readings from the A rated stocks as shown in the following chart. Despite the near record highs for the Big Board and the six year high for the NASDAQ, the trend for the A rated stocks remains down and is now below the red zone which in the past has suggested investors would benefit by reducing their equity positions.

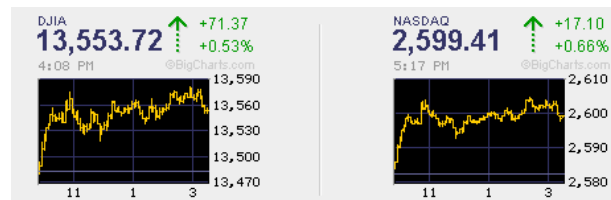


The Ministry of Truth trumpeted a core CPI inflation rate of just 0.1% increase in May and the markets reacted in a positive way. It has to make you wonder how the green-shade pencil-pushers manage to fudge numbers and how the "astute financial analysts" can buy them. Of course, I guess most of them eat protein bars and ride public transportation unlike the rest of the citizens of this country. Just a gallon of 2% milk has increased from \$1.25 to over \$3.00 in some markets in the last 12 months. Grocery costs according to the Christian Science Monitor and other sources are up almost 30% in the last six months. At some point, reality will bring the Ministry of Truth to task for their reports.

While caution is advised, never argue with the market. Hence, in today's trading, we added BCSI, TNH, and CYN0 to the Conservative portfolio. We added BCSI and TNH to the Aggressive portfolio yesterday and will continue to hold both positions. There were no other changes in the portfolios.

Have a great weekend.

6/14/2007 After the Close



Moving higher but on lower volume again! Are the indices struggling to the old highs?

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,132 (63%)	814 (62%)	1,802 (57%)	719 (37%)
Declining Issues	1,141 (34%)	420 (32%)	1,204 (38%)	749 (39%)
Unchanged Issues	107 (3%)	81 (6%)	147 (5%)	452 (24%)
Total Issues	3,380	1,315	3,153	1,920
New Highs	213	84	140	211
New Lows	63	28	54	221
Up Volume	2,018,551,371 (72%)	455,577,689 (82%)	1,462,210,041 (72%)	386,668,050 (19%)
Down Volume	770,277,489 (27%)	94,435,746 (17%)	534,873,203 (26%)	1,160,621,530 (58%)
Unchanged Volume	24,809,838 (1%)	4,265,100 (1%)	23,540,914 (1%)	438,225,664 (22%)
Total Volume	2,813,638,698¹	554,278,535¹	2,020,624,158¹	1,985,515,244¹

Most of the action today was on the up-tick for the major exchanges. Only the pink sheets bucked the trend today. Volume on the Big Board and NASDAQ fell in today's trading.

The Producer Price index showed higher inflation ahead and the Wall Street shills put the blame on energy costs. The year-on-year rate for the overall PPI jumped to up 3.9 percent in May from up 3.2 percent in April. The year-on-year core remained unchanged at up 1.6 percent. **Yet today wheat, corn, and soybeans continued to move toward record contract highs.** In fact, corn is now over \$4.00 a bushel whereas last year it was less than \$2.00.

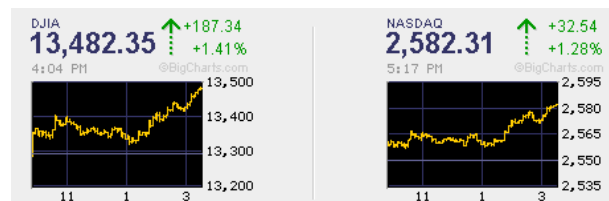
Inflation in grocery aisles is up by more in the first six months of 2007 than in all of 2006. That means food costs are on track for the biggest annual percentage hike since 1980, according to the Labor Department. The anticipated 7.5 percent increase would readily outflank the 2.6 percent core inflation rate to date, which excludes food and energy. But I forgot, food and energy are not in core PPI nor in core CPI to be reported tomorrow..

The sub-prime loan problem just won't go away. Today Bear Stearns is trying to get rid of a few billion of bad loans in a couple of its hedge fund accounts and Goldman Sachs fell 3.4% on concerns over its sub-prime situation. In addition, several large pension funds are rumored to be ready to sue many investment banks over failure to disclosure problems with the sub-prime and Alt-A loans. Today, it was announced that a record number of U.S. homeowners had entered the foreclosure process during the 1st quarter.

Jobless claims showed little change in the latest week remaining near 311,000.

We closed all of our short positions in the Aggressive portfolio this morning. We added long positions in the Aggressive portfolio of BCSI, CNH and TNH. In the Core portfolio, we sold IDA, TM and AEM today. In the ETF portfolio, we added EWW and ILF. There were no changes in the Conservative or Precious Metals portfolios today.

6/13/2007 After the Close



Like a Mexican jumping bean ... up and down and nobody knows where it will finally end up!



ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,666 (79%)	835 (63%)	2,108 (64%)	665 (33%)
Declining Issues	593 (18%)	404 (31%)	928 (28%)	836 (42%)
Unchanged Issues	110 (3%)	78 (6%)	277 (8%)	501 (25%)
Total Issues	3,369	1,317	3,313	2,002
New Highs	106	38	138	206
New Lows	110	47	80	242
Up Volume	2,713,260,691 (88%)	612,237,192 (89%)	1,712,521,210 (79%)	678,872,610 (47%)
Down Volume	347,273,342 (11%)	68,658,254 (10%)	427,222,416 (20%)	394,774,550 (27%)
Unchanged Volume	17,402,710 (1%)	3,758,800 (1%)	29,369,990 (1%)	363,380,980 (25%)
Total Volume	3.077.936.743¹	684.654.246¹	2.169.113.616¹	1.437.028.140¹

Today's market bounced higher than yesterday's decline but we are still below the all-time record high set last week as seen in the following table. The DJIA had its best one-day gain since July 19, 2006. The FED's Beige Book suggested that the U.S. economy is expanding at a moderate pace in the first part of the second quarter and that price pressures in some areas of the U.S. were not indicated. Of course, the Beige Book also continues to suggest that the Ministry of Truth has an accurate handle on the CPI readings. Do you believe them?

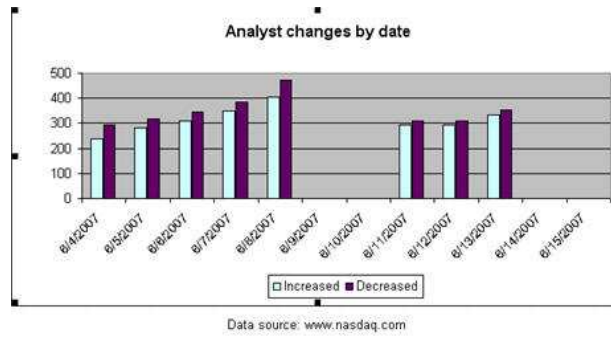
Changes in Market Indices since All-time Peaks				
	DJIA	S&P 500	NASDAQ	Russell
4-Jun	13671.32	1539.18	2618.29	855.09
13-Jun	13482.35	1515.67	2582.31	832.54
Change	188.97	23.51	35.98	22.55
%	1.4%	1.5%	1.4%	2.6%

Volume today reversed almost exactly to the upside on the Big Board and NASDAQ. You have to wonder what everyone was thinking yesterday and what changed the minds today! Sure appears to be a fickle bunch of investors with itchy trigger fingers. Or was it simply the PPT pushing the market higher!

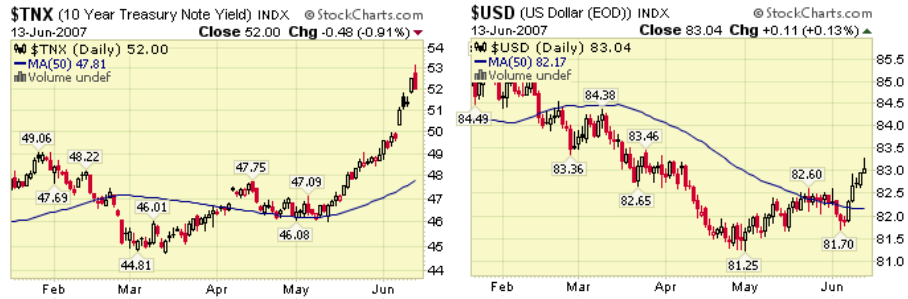
Mortgage applications jumped last week but then the prospect of increasing rates and summer relocations could have played a major role in that rate. Also remember that new home sales do not provide any clue on how many contracts are canceled.

Retail sales which showed a 1.4% increase over April were helped by surging gas sales but were still positive when compared to April 2007 according to the Ministry of Truth. But if that is accurate why does Wal-mart and others feel that they have not met the sales plan for May? Perhaps, we will have to wait for another revision to the numbers. Of course, the Commerce Department said that unsold inventories rose in April at a faster-than-expected pace. Perhaps, business is not able to draw down their inventories as quickly as the economy slows.

Markets like this always seem to explode one way or the other. Since the first of June, the number of decreased earnings forecasts have been greater than those companies with increased earnings forecasts as shown in the following chart.



As this has been the pattern for the past quarter or so, it would not look like a case can be made for increasing corporate profits going forward. The yield on the 10 year note fell from 5.295% yesterday to 5.21% at today's close, hardly noticeable when compared to the 50 basis points made during the recent move. Still the cheerleaders were out in force hoping that the FED won't increase rates at the next FOMC meeting. The U.S. dollar closed up today but down near the bottom of the daily range at 83.04, up 11 cents on the day.



The data flow during the next two days could cause the markets some fireworks. The May 2007 import price index was reported as 0.9% versus an expected 0.3%. April was also revised upward to 1.4%. Tomorrow we get the PPI numbers for May as well as the Jobless Claims report. Then on Friday, the CPI number and the Treasury International Capital report should make for some interesting data points in light of the 10 year refinancing yesterday that only drew 18% other than dealers.

We are happy with our positions at the moment but are looking closely at the charts during the day. Or maybe, we should just go to cash while the grand children are here the next three weeks and enjoy life.



6/12/2007 After the Close



Chalk up another distribution day for the indices!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	464 (14%)	291 (22%)	760 (24%)	592 (30%)
Declining Issues	2,827 (84%)	937 (71%)	2,265 (71%)	900 (45%)
Unchanged Issues	72 (2%)	88 (7%)	144 (5%)	498 (25%)
Total Issues	3,363	1,316	3,169	1,990
New Highs	57	35	86	203
New Lows	143	46	105	242
Up Volume	389,008,908 (13%)	75,659,670 (10%)	515,700,859 (25%)	523,085,109 (33%)
Down Volume	2,632,491,618 (87%)	650,879,490 (89%)	1,573,828,823 (75%)	724,336,968 (45%)
Unchanged Volume	10,675,486 (0%)	5,938,195 (1%)	12,854,245 (1%)	360,064,109 (22%)
Total Volume	3,032,176,012¹	732,477,355¹	2,102,383,927¹	1,607,486,186¹

Although today's decline did not go below last week's levels for the major indices, the Russell 2000 hit a new low since the June 4th all-time record high. It is now down 3.9%. The \$8 billion of 10 year Treasury notes were auction at 5.23% this afternoon and the weak demand from non-dealers oozed into overall interest rates quickly causing the stock market to move down to close on the lows for the day. For both the 10 and 30 year bonds, a 25 year down channel has finally been breached. If the yield trend continues to move higher, look for trouble to surface in the financial markets.



The S&P 500 peaked at 2 p.m. at 1511 in positive territory for the day just as the auction results were released. From that point on, the S&P 500 dropped 18 points to close at 1493. The STI indicator for the S&P 500 has now turned negative. However, the STI indicator for the NASDAQ remains positive but looks like another down day will cause the indicator to change.



Clearly, interest rates are headed higher in the future. Perhaps, central banks are withdrawing the liquidity which has fueled the market during the past several years as inflation fears increase. Or maybe, central banks and individuals are deciding that the dollar is in trouble and they are reducing their holdings of U.S. Treasuries. In either event, with central banks raising rates, the chance of the FED decreasing rates in the near future looks slim. And then there might be a small problem with interest rate derivatives given the recent quick rise in interest rates.

The august and elite Bank for International Settlements issued a warning that the current takeover mania which uses highly-leveraged debt could cause major problems for the financial system if interest rates continue to rise. Duh! In its quarterly report issued today, the Bank reported that M&A activity was \$1.1 trillion in the U.S. during the first five months and \$1 trillion in Europe.

The US dollar was higher against the Euro today and the index managed to show a gain closing at 82.93, its highest level since April. However, we believe that the upward trend will not continue for long.

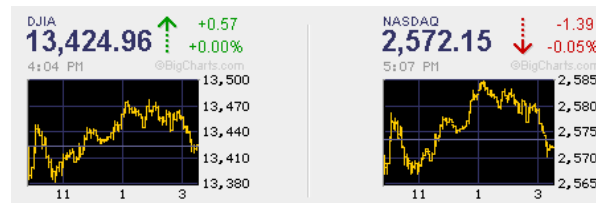


Retail sales though positive continued to slow and were below expectations for most retailers. Perhaps, the consumer is beginning to reduce spending and if so, the economy is headed into recession.

The housing situation is fall from a bottom as mortgage foreclosures rose 90% in May from a year earlier. Also, the median price for a U.S. home fell 1.8% during the 1st Quarter of 2007. Foreclosure filings in May also rose 19% over April.

With the exception of our position in ECU.v, we sold all of the positions in the Precious Metals market shortly after the open today as we did not like the trend of the bullion market overnight. There were no other changes in the portfolios today.

6/11/2007 After the Close



What if the market opened and everyone stood pat?

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,628 (48%)	650 (50%)	1,392 (44%)	613 (32%)
Declining Issues	1,632 (49%)	557 (43%)	1,637 (52%)	806 (42%)
Unchanged Issues	102 (3%)	90 (7%)	120 (4%)	481 (25%)
Total Issues	3,362	1,297	3,149	1,900
New Highs	66	36	106	204
New Lows	74	31	51	222
Up Volume	1,249,057,979 (50%)	363,742,753 (80%)	700,327,573 (42%)	166,100,197 (9%)
Down Volume	1,211,808,380 (49%)	84,965,390 (19%)	952,527,290 (57%)	447,481,901 (25%)
Unchanged Volume	24,732,289 (1%)	5,413,278 (1%)	24,890,763 (1%)	1,210,347,804 (66%)
Total Volume	2,485,598,648¹	454,121,421¹	1,677,745,626¹	1,823,929,902¹

At today's close, it would appear that a lot of people spent the day without much improvement in their overall net worth. The markets were vacillating around the zero line and ended up almost even. A dearth of meaningful economic data did not help push investors either to buy or sell today. On the big board, the day was almost unchanged. The NASDAQ saw down volume and declining issues outweigh their opposite numbers. All told, it was a day where most investors could have stayed home.

The most interesting news from my standpoint was despite the reduction of imports from China to the U.S. last month, China's overall trade surplus balance jumped to \$2.45 Billion in May. The reliance of the Chinese economy on exports to the U.S. is diminishing.

Higher bond yields and central bank rates overseas will continue to have a dampening effect upon the U.S. markets in the days and weeks to come. The yield on the 10 year Treasury note fell slightly but closed well above the highs of the last several months at 5.137%. The U.S. dollar index closed higher at 82.92 but largely on the expectation that the FED might increase rates at the next FOMC meeting and improving exports.



In the commodities arena, copper recovered some of its losses from last week.. West Texas crude (WTIC) moved higher today although natural gas moved lower for the third straight day, closing at 7.61.



In the Precious Metals portfolio today, we sold SLW and GSS on Action Point violations. There were no other changes.

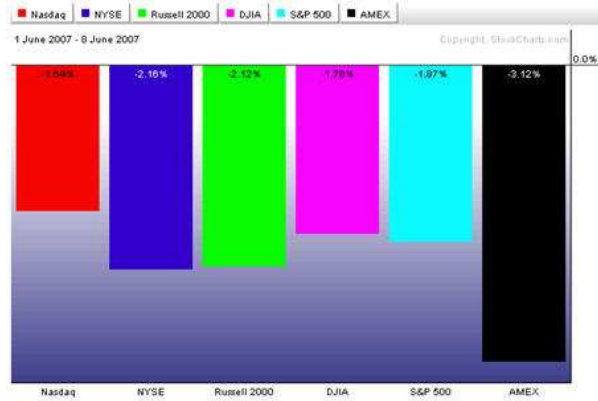
6/8/2007 After the Close



Hoping to get some bargains today!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	2,256 (67%)	670 (53%)	2,047 (65%)	655 (34%)
Declining Issues	986 (29%)	500 (39%)	966 (31%)	739 (39%)
Unchanged Issues	116 (3%)	103 (8%)	122 (4%)	507 (27%)
Total Issues	3,358	1,273	3,135	1,901
New Highs	37	21	71	198
New Lows	96	46	64	216
Up Volume	2,562,731,733 (85%)	567,477,449 (81%)	1,630,009,590 (82%)	502,152,904 (42%)
Down Volume	376,386,352 (13%)	114,991,671 (16%)	330,913,809 (17%)	364,847,392 (31%)
Unchanged Volume	59,852,483 (2%)	15,574,500 (2%)	25,770,699 (1%)	322,884,841 (27%)
Total Volume	2,998,970,568¹	698,043,620¹	1,986,694,098¹	1,189,885,137¹

Today's market action almost, but not quite, reversed the up/down volume numbers from yesterday. However, for the week, today's market action failed to provide a positive ending as shown in the following chart.



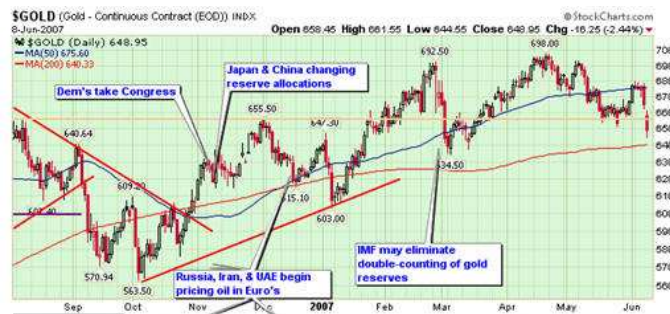
The rate on the 10 year Treasury bond soared overnight to 5.25% but after action by the PPT, the yield on the benchmark Treasury had declined to 5.116%, still a high for the year. The carnage in the bond markets following an increase of 50 basis points since the middle of May when the rater was just over 4.6% has to have some hedge fund operators wringing their hands.



The rise in interest rates began in March 2007 when it was first announced that the Chinese would begin investing some of their currency reserves in assets other than U.S. dollars. Since early in 2007, Japan has been gradually selling U.S. dollar holdings as well as certain Middle Eastern countries like Dubai, Syria, Saudi Arabia, and Iran. If the sales of U.S. dollars increases coupled with the elimination of the peg with the U.S. dollar by more countries, the PPT will have its hands full trying to keep the U.S. dollar index above 81.

The real question before the investor is whether the rally which IBD now says is "under pressure" will return or whether the long over-due correction is here. Most prudent individual investors will take steps to preserve their capital at this time. Watch carefully for the tone of the words in the "Big Picture" section of the paper this weekend. It might provide a clue about the direction of the market in coming days.

The PPT was out in force trying to bash gold and it was successful in driving the price down to the 200 day moving average.



Still the fundamentals for the "ancient relic" continue to get better. The supply/demand situation continues to worsen with the selling of central bank gold the only method available to meet the gap. Gold production throughout the world continues on the decline and this week, the largest union in South Africa filed a strike notice that will further impact production negatively. The following graph shows the sharp break in the price of gold upon conclusion of the physical gold market in London and the opening of the paper gold market in the U.S. during the past two days.



Investors should be aware of the fact that during the past few days, several European and other Central banks have increased their discount rates to fight inflation. As a result, the spread between foreign rates and U.S. rates has decreased. To continue to finance the trade and federal deficits, it will probably become necessary for the Treasury and the FED to increase rates.

In the Conservative portfolio, we sold SNHY today as it violated its Action Point. Almost immediately, it then turned around and headed higher but we refrained from repurchasing the stock. In the Precious Metals portfolio, we sold RGLD on an Action Point violation and our reading of the stock chart.

Have a great weekend and take a long hard look at your portfolio.

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Keep it Safe, Simple and Stay Focused!
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