



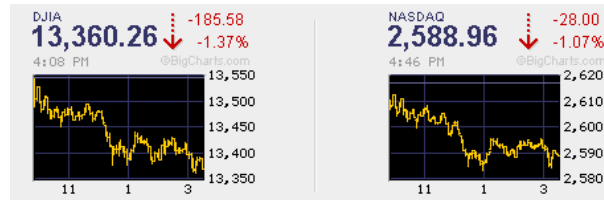
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6/22/2007 After the Close



Riding a toboggan fast to the close and another distribution day!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	870 (26%)	379 (28%)	1,006 (32%)	654 (35%)
Declining Issues	2,388 (71%)	836 (63%)	2,026 (64%)	715 (38%)
Unchanged Issues	103 (3%)	118 (9%)	126 (4%)	501 (27%)
Total Issues	3,361	1,333	3,158	1,870
New Highs	100	40	108	202
New Lows	97	33	94	216
Up Volume	990,799,745 (25%)	128,714,293 (17%)	814,705,653 (29%)	424,698,886 (18%)
Down Volume	2,950,652,146 (74%)	600,984,360 (81%)	1,922,486,317 (69%)	175,946,307 (7%)
Unchanged Volume	30,346,986 (1%)	11,258,400 (2%)	49,480,819 (2%)	1,778,712,998 (75%)
Total Volume	3,971,798,877¹	740,957,053¹	2,786,672,789¹	2,379,358,191¹

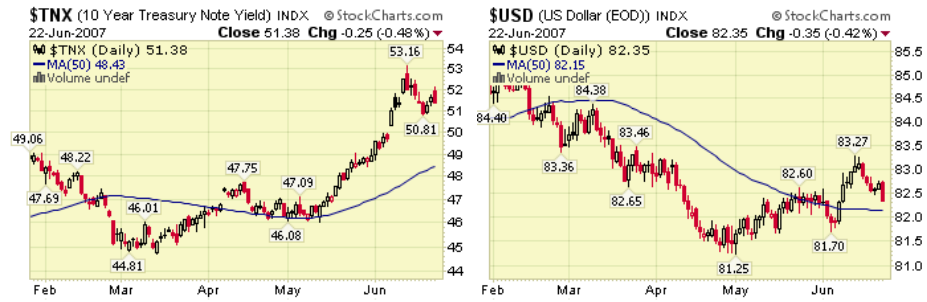
No doubt about it, today was definitely a downhill slide with the bears having the upper hand! The DJIA, S&P 500, the NYSE and the NASDAQ all added another distribution day. Volume on both major boards expanded as institutions began to reduce some of their holdings prior to the end of the quarter. The DJIA, the S&P 500 and Russell 2000 are now down over 2% since the June 4th peak. The NASDAQ is off over 1% as shown below:

Changes in Market Indices since June 4th Peak				
	DJIA	S&P 500	NASDAQ	Russell
4-Jun	13671.32	1539.18	2618.29	855.09
22-Jun	13360.26	1502.56	2588.96	834.75
Change	311.06	36.62	29.33	20.34
%	-2.3%	-2.4%	-1.1%	-2.4%

With little economic news reported today, the market fell off as more bad news from the sub-prime mortgage market hit the wires and interest rates remained a worrisome factor with the FOMC meeting next week. The financial sector was the hardest hit ... perhaps, some were as worried about the implications of defaults cascading around with derivatives as we were yesterday. Our shorts of the financial sector initiated this morning in the Aggressive portfolio made money today.

Early today, Merrill was to auction some CDO paper of AAA quality from Bear Stearns. According to CNBC, the bid was 38, a long way from the 100 carried on the books of Bear's Hedge Fund. Clearly, the CDO and sub-prime market have some excesses and the fact that if Merrill had sold those bonds rather than taking them off the market, the mark-to-market problem might have caused quite a few more problems in the derivative market. No wonder, Bear Stearns is trying to raise \$3.8 billion, the largest bail-out in hedge-fund history, to contain the lack of transparency in the hedge fund bonds. Stay tuned to see if the smoke and mirrors in the CDO and hedge fund markets suddenly becomes like the "Emperor has no clothes" scenario.

But if the market is to correct to 10% or more, clearly, we have some more room to go on the downside. The STI indicators for the S&P 500 is negative while the NASDAQ remains slightly positive. So the bulls and bears will continue to trade punches until month end markup is done. But after that, I think the momentum may well turn bearish.

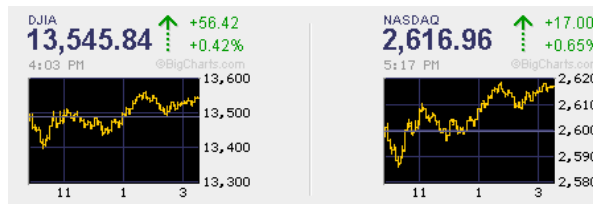


After Wal-Mart broke out of its range for the past three years on the news of a stock buy-back program and a slowdown in expansion plans, the stock has fallen back into the range during the past three weeks and is now below its 50 day moving average. It might be another candidate to short if it falls below its 200 day moving average..



Other than the shorts initiated in the Aggressive portfolio mentioned above, we made no trades in the portfolios today.

6/21/2007 After the Close



The battle between the bulls and bears continues.

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,769 (52%)	627 (47%)	1,582 (50%)	653 (34%)
Declining Issues	1,474 (44%)	605 (46%)	1,429 (45%)	770 (40%)
Unchanged Issues	131 (4%)	96 (7%)	149 (5%)	520 (27%)
Total Issues	3,374	1,328	3,160	1,943
New Highs	109	73	99	207
New Lows	90	46	91	224
Up Volume	2,268,560,577 (71%)	606,127,185 (84%)	1,546,969,245 (74%)	242,611,236 (11%)
Down Volume	858,662,052 (27%)	108,935,329 (15%)	504,145,181 (24%)	391,377,706 (18%)
Unchanged Volume	76,934,252 (2%)	3,566,200 (0%)	35,624,521 (2%)	1,505,417,012 (70%)
Total Volume	3,204,156,881¹	718,628,714¹	2,086,738,947¹	2,139,405,954¹

Despite the financial press and the tv guru's, rising interest rates and increasing oil prices appear to be favoring the bears at the moment. The good news today was the Philly Fed Survey which showed an increasing order book. Still inflation pressures were apparent in the data and the June shipments were not good reflecting previous order levels.

Next week, the FOMC meets and they are expected to keep interest rates steady. While housing costs are contributing less to inflation as foreclosures and a high level of unsold homes pressure prices, the economy with its low unemployment rate may find increased wages and prices forthcoming in the next few months. Still the yield curve is now longer inverted although the average yield on the 10 year is up to 5.19% from 4.65% in only eight weeks.

Whether this is due to foreign interests selling US bonds or the increasing interest levels from central banks in recent weeks can be debated. The key for the US bond market is that the yield differential between US rates and foreign rates must be sufficient that foreign buyers will continue to finance the trade and budget deficits of the US.

The big problem in the financial market is the real value for collateralized debt obligations. Merrill's threat to sell \$800 million of mortgage securities seized from Bear Stearns hedge funds could determine the real price for these bonds in an actual transaction between parties not covered by derivative guarantees. An auction could confirm that the CDO's are overvalued and could create major writedowns on CDO portfolios that could threaten the financial system according to some analysts. Stay tuned ... remember in the investment world, there is no such thing as no risk. Unfortunately, with today's interest spreads, it would be hard to believe that fact.

The following chart of the XLF shows how high the financial sector has risen in the past three years. If the CDO situation worsens, one might consider how fall it might fall. Now is the time to start to watch closely the performance of the financial and investment bank stocks.



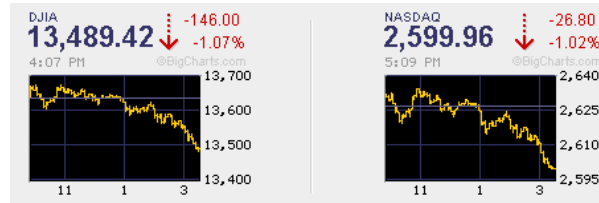
The NASDAQ Bank index failed to make a new high in January and has been struggling ever since. It is now below the 50 and 200 day moving average and if it breaks below the 3168 level, the index might continue to fall quickly.



In the Aggressive portfolio today, we purchased RIG and the chart is shown below: There were no other changes in the portfolios today.



6/20/2007 After the Close



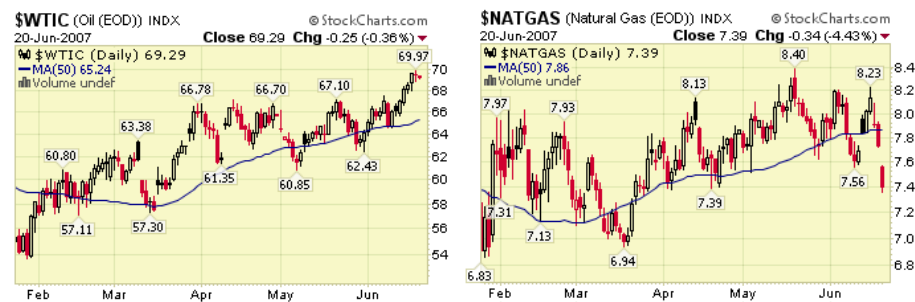
Chalk up another distribution day!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	732 (22%)	411 (32%)	845 (27%)	657 (34%)
Declining Issues	2,521 (75%)	783 (61%)	2,185 (69%)	752 (39%)
Unchanged Issues	109 (3%)	90 (7%)	115 (4%)	501 (26%)
Total Issues	3,362	1,284	3,145	1,910
New Highs	224	118	150	205
New Lows	52	35	69	211
Up Volume	750,192,266 (23%)	81,387,274 (13%)	437,382,723 (22%)	242,560,056 (19%)
Down Volume	2,489,858,755 (76%)	559,688,359 (87%)	1,568,254,294 (78%)	621,795,513 (48%)
Unchanged Volume	25,930,259 (1%)	2,325,600 (0%)	17,517,911 (1%)	438,259,998 (34%)
Total Volume	3.265.981.280¹	643.401.233¹	2.023.154.928¹	1.302.615.567¹

Another day where rising interest yields helped the market to move lower despite crude oil dropping as shown below. The DJIA fell 146 points and the major indices all fell over 1% today. Since the peak reached on June 4th, only the NASDAQ has managed to close above that level but after today's trading, it too had fallen back below the previous peak. The inability of the major indices to move higher than the June 4th peak present a problem technically to the continuation of the rally. Since the June 4th peak, we have now had five distribution days. Prudent investors will be cautious.

Changes in Market Indices since All-time Peaks				
	DJIA	S&P 500	NASDAQ	Russell
4-Jun	13671.32	1539.18	2618.29	855.09
20-Jun	13489.42	1512.84	2599.96	836.18
Change	181.90	26.34	18.33	18.91
%	-1.3%	-1.7%	-0.7%	-2.2%

Natural gas gapped down today to close at a two month low just as the summer begins. Perhaps, all those traders figure that this summer will not be as warm as last year..



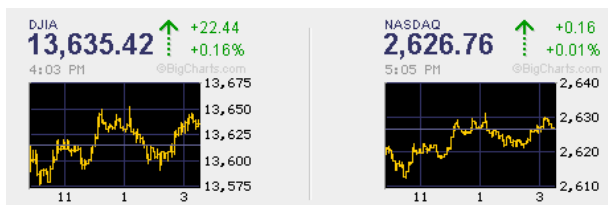
Note that down volume accounted for over 75% of the trade volume on the NYSE and NASDAQ and that the decline to the lows of the day began around 1 p.m. EDT. Of course, the increase in yield on the 10 year Treasury note was only from 5.08% to 5.12%. Was that enough to send the DJIA down by over 1%? I wonder what will happen when the 10 year gets to 5.5%?

Surprisingly, the US dollar index moved up a bit to close at 82.57.



Shortly after the opening today, we purchased SLB and CME in the Aggressive portfolio, both of which closed down on the day. In the Conservative portfolio, we also purchased FTK and GME. There were no other changes in the portfolios.

6/19/2007 After the Close



GE dominated a mixed market on higher volume today!

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,896 (56%)	701 (53%)	1,618 (51%)	690 (35%)
Declining Issues	1,336 (40%)	516 (39%)	1,396 (44%)	797 (40%)
Unchanged Issues	145 (4%)	108 (8%)	141 (4%)	484 (25%)
Total Issues	3,377	1,325	3,155	1,971
New Highs	215	106	159	211
New Lows	47	26	54	231
Up Volume	1,568,767,368 (56%)	370,449,091 (79%)	866,084,514 (45%)	278,774,842 (17%)
Down Volume	1,207,176,113 (43%)	89,487,701 (19%)	1,045,628,011 (54%)	316,374,036 (20%)
Unchanged Volume	38,302,245 (1%)	9,841,163 (2%)	30,834,015 (2%)	1,008,473,636 (63%)
Total Volume	2.814.245.726¹	469.777.955¹	1.942.546.540¹	1.603.622.514¹

The market managed to almost make it back to Friday's close on higher volume today. Near the end of the trading session, the NASDAQ managed to squeak into positive territory. However, the S&P 400 ended in negative territory today. Strength in GE which rose to a 5 year high on double normal volume was the major reason the DJIA was higher today.



The report on housing starts and new permits certainly did not help to generate a feeling among investors that the housing slump was over. Rising mortgage rates coupled with increased lending standards has only seen the number of homes available for sale to increase. The percentage of payments that were 30 or more days past due for subprime mortgages rose to a record 15.75% in the 1st quarter of 2007. Foreclosures are increasing and the end result will be a decrease in home prices.

Store sales with the Father's Day weekend were not on the positive side as consumers beset by food and gas prices were shopping more carefully in the

week ended June 16th. Year over Year store sales are only up 1.9% according to ICSC-UBS survey and only 2.0% according to the Redbook survey. The consumer is simply not spending and keeping up with inflation adjusted prices.

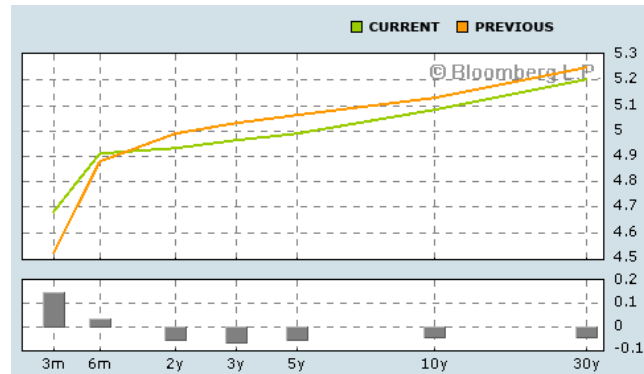
Still institutional investors confidence rose from 92.1 in May to 97.2 in June. Obviously, their rose-colored glasses is helping keep the market from falling.

The US dollar index continued to fall closing at 82.54 while the yen fell to its lowest level against the Euro. The yield on the 10 year Treasury continued to drop and closed at 5.086%.



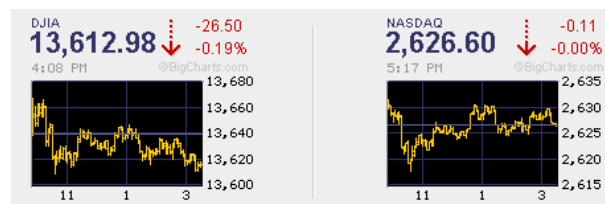
Oil prices managed to close higher at another 9 month high as tensions continued to build in Nigeria. Another strike of oil workers in Brazil could also impact the price of oil in the next week. However, refinery utilization may be moving higher as maintenance work at some U.S. refineries is completed.

With the major changes in the bond market in recent weeks, the yield curve is no longer inverted as shown in the following chart from Bloomberg. I doubt if this means that a recession is not in our future but is rather the function of the FED and the PPT trying to entice foreign money to stay in the U.S.



We made no changes in the portfolios today.

6/18/2007 After the Close



Did investors suddenly lose their appetite for equities?

ADVANCES & DECLINES				
	NYSE	AMEX	NASDAQ	BB
Advancing Issues	1,553 (46%)	565 (43%)	1,418 (45%)	649 (34%)
Declining Issues	1,709 (51%)	631 (48%)	1,599 (50%)	790 (41%)
Unchanged Issues	116 (3%)	118 (9%)	158 (5%)	496 (26%)
Total Issues	3,378	1,314	3,175	1,935
New Highs	261	124	167	200
New Lows	39	22	51	217
Up Volume	1,100,640,494 (44%)	135,989,943 (31%)	815,962,519 (45%)	430,675,566 (25%)
Down Volume	1,352,847,306 (55%)	301,149,178 (68%)	901,892,348 (50%)	596,143,285 (35%)
Unchanged Volume	26,753,270 (1%)	8,361,381 (2%)	85,489,845 (5%)	671,626,683 (40%)
Total Volume	2,480,241,070¹	445,500,502¹	1,803,344,712¹	1,698,445,534¹

Today's market started higher but as the day wore on, declining issues and down volume became more dominant. Still the overall volume dropped from Friday's levels, so the minor pullback did not increase the distribution day count.

In the economic news, Dow Jones reported that the outlook for U.S. home building is the worst since February 1991 according to the David Seiders, the chief economist of the National Association of Home Builders. Seiders does not expect housing to turn around this year. Guess we still have a ways to go to touch bottom for the housing slump.

With a strike of oil workers slated to begin this week in Nigeria, crude oil prices moved higher to close at a nine-month high.



Yield on the 10 year note declined again today closing at 5.14%. The U.S. dollar index fell despite the yen's problems with the Euro.



The STI indicator for the S&P 500 remains negative and it appears that if the NASDAQ is down tomorrow, it will also generate a negative indicator.

We made no changes in the portfolios today.

6/15/2007 After the Close

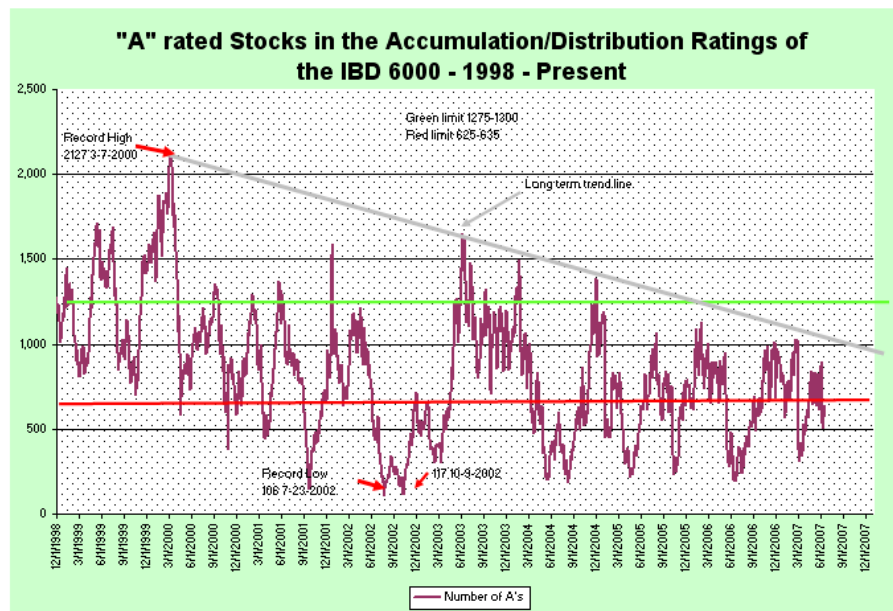


NASDAQ at a six year new high on strong volume across the board!

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 CYNO 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.

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Keep it Safe, Simple and Stay Focused!
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