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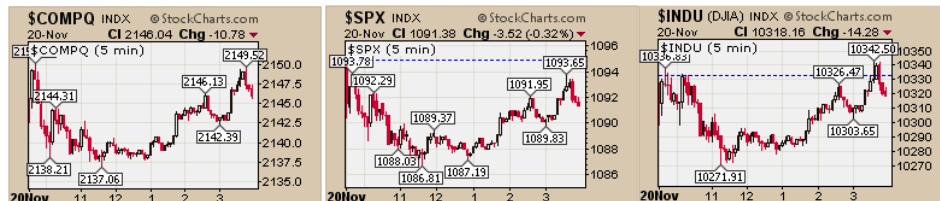
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11/20/2009 After the Close



Down for the week!

Markets Diary		6:02 p.m. EST 11/20/09		
Issues	NYSE	Nasdaq	Amex	
Advancing	1,283	1,212	222	
Declining	1,741	1,409	276	
Unchanged	130	201	59	
Total	3,154	2,822	557	
Issues at				
New 52 Week High	52	44	9	
New 52 Week Low	3	21	7	
Share Volume				
Total	1,142,398,209	1,962,767,853	15,033,153	
Advancing	405,484,670	614,221,601	4,557,750	
Declining	685,157,289	1,332,928,951	8,931,503	
Unchanged	51,756,250	15,617,301	1,543,900	

Another distribution day for the market just about puts this attempted rally to sleep. Today's action makes two days in a row for distribu NYSE and the S&P 500. IBD has now changed its call to "Uptrend under Pressure." As I stated earlier, the latest follow through day had facing it as the level of most technical indicators like the NYSE Bullish % ratios were near all-time highs whereas in most recent rally atte low levels.

The disappointment in Dell's earnings carried over today's trading and along with safe-haven trading for the U.S. dollar, the market was most of the day.

Michael David White, a Chicago mortgage broker, [had an interesting take on the housing market.](#)

"Eight million homes with delinquent mortgages represent a staggering 300% of the normal supply of existing homes for sale. With 3.63 million units now on the market, one million above the long-t of foreclosures represents a fatal death blow capable of inflicting brutal damage on the largest financial market in the world."

If you would like to read the entire article, click on the link above.

Crude was lower while gold closed at its all-time high. Perhaps, Bill Murphy's interview with Bernie Lo is helping the world understand th gold market. You can find it on Youtube. The links are shown below:

<http://www.youtube.com/watch?v=rw4T6IdHJ3w>

http://www.youtube.com/watch?v=06_NMci4xnw

<http://www.youtube.com/watch?v=OYiQZzbzeXo>

We sold XLF, JPM, GS and BAC from the Aggressive portfolio today as we are concerned about the developments in the commercial real rising delinquencies in the housing sector along with the FHA weakness. The high concentration of derivatives among the major money concerns us.

11/19/2009 After the Close



Not a good day

Markets Diary 4:34 p.m. EST 11/19/09

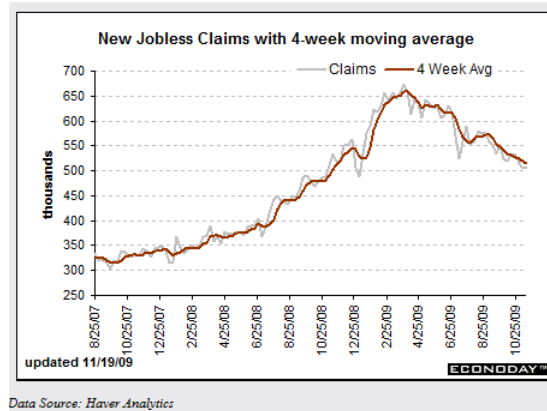
Issues	NYSE	Nasdaq	Amex
Advancing	572	549	142
Declining	2,480	2,127	325
Unchanged	78	105	58
Total	3,130	2,781	525

Issues at	NYSE	Nasdaq	Amex
New 52 Week High	48	34	8
New 52 Week Low	9	29	4

Share Volume	NYSE	Nasdaq	Amex
Total	1,082,887,781	2,265,252,118	12,992,082
Advancing	119,627,181	312,145,516	3,571,500
Declining	955,042,900	1,918,793,004	7,824,282
Unchanged	8,217,700	34,313,598	1,596,300

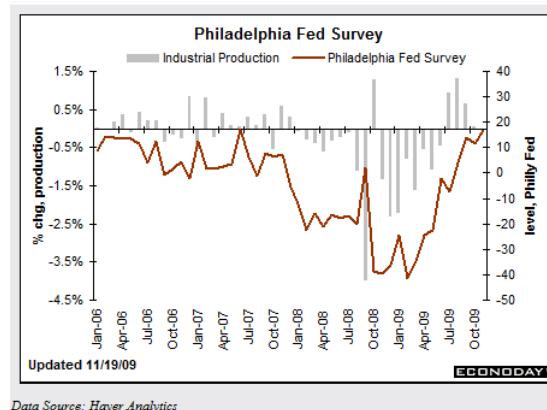
Some weak economic news helped move the market lower. The NASDAQ has now recorded two distribution days in a row. Unlike yeste issues and volume were definitely in control from the opening bell.

Initial jobless claims remained at last week's level of just above 500,000 although the previous week was revised upward by 3,000 jobs. remains lower, the level of weekly jobless claims remains about twice the level from 2000 to 2006.



Although I am not a fan of the leading indicators, the latest reading was higher and suggests that the 1st half of next year will see some Continued low interest rates were the major reason for the improved reading of the Consumer Board index.

The Philly Fed Survey also showed a slight rebound from last month's deteriorating data. Still it was nothing to shout about as shown in



The concentration in those elusive derivatives remains concentrated in the hands of the "to big to fail" banks. The current notional value US commercial banks' balance sheets is \$203 trillion. 97% of these (\$196 trillion) sit on FIVE banks' balance sheets, according to [a recent](#) very same Office of the Comptroller of the Currency.

TOP 25 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2009, \$ MILLIONS

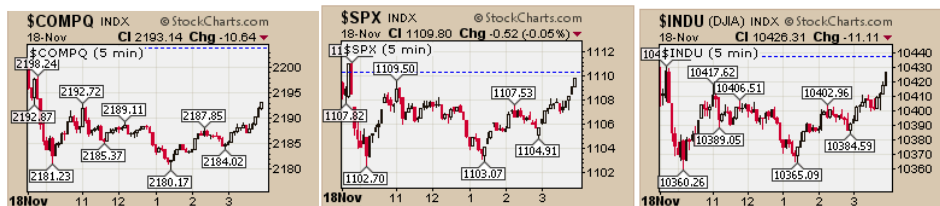
RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL DERIVATIVES AS % OF TOTAL ASSETS	TOTAL FUTURES (EXCH TR)	TOTAL OPTIONS (EXCH TR)	TOTAL FORWARDS (OTC)	TOTAL SWAPS (OTC)	TOTAL OPTION (OTC)
1	JPMORGAN CHASE BANK NA	OH	\$1,663,998	\$79,941,219	4,804.2%	\$869,413	\$2,429,320	\$8,253,882	\$51,156,189	\$10,414,62
2	GOLDMAN SACHS BANK USA	NY	119,678	40,477,262	33,821.8%	541,155	58,154	108,444	34,082,912	4,647,85
3	BANK OF AMERICA NA	NC	1,450,830	39,064,884	2,692.6%	1,267,934	372,745	4,600,598	27,190,984	3,742,91
4	CITIBANK NATIONAL ASSN	NV	1,165,400	31,943,721	2,741.0%	291,490	714,151	4,937,232	17,580,692	5,860,70
5	WELLS FARGO BANK NA	SD	1,100,177	5,111,215	464.6%	368,900	48,225	1,431,194	2,501,761	520,52
6	HSBC BANK USA NATIONAL ASSN	VA	158,959	3,152,580	1,983.3%	45,190	72,455	526,269	1,501,050	183,13
7	BANK OF NEW YORK MELLON	NY	162,003	1,271,036	784.6%	27,294	49,047	407,210	460,920	325,69
8	STATE STREET BANK&TRUST CO	MA	150,465	539,065	358.27%	4,506	0	494,064	3,226	37,09
9	SUNTRUST BANK	GA	170,140	295,908	173.92%	21,571	24,724	50,311	160,474	38,05
10	NATIONAL CITY BANK	OH	141,714	178,217	125.76%	58,571	575	16,117	60,571	40,58
11	NORTHERN TRUST CO	IL	62,156	153,419	246.83%	0	0	144,056	9,061	16
12	PNC BANK NATIONAL ASSN	PA	136,388	138,199	101.33%	3,449	6,035	5,721	107,878	11,19
13	KEYBANK NATIONAL ASSN	OH	95,249	116,734	122.56%	12,921	0	9,304	79,198	8,29
14	U S BANK NATIONAL ASSN	OH	260,445	101,139	38.83%	20	0	38,700	51,622	8,22
15	BRANCH BANKING&TRUST CO	NC	147,644	87,487	59.26%	13,729	0	18,765	48,868	6,12
16	REGIONS BANK	AL	135,430	82,219	60.71%	1,563	3,500	4,726	70,002	1,78
17	FIFTH THIRD BANK	OH	64,601	68,855	106.59%	164	0	13,277	43,592	11,48
18	MORGAN STANLEY BANK NA	UT	65,328	54,096	82.81%	0	0	0	19,870	1
19	RBS CITIZENS NATIONAL ASSN	RI	121,919	51,496	42.24%	0	0	5,486	43,135	1,67
20	UBS BANK USA	UT	33,926	49,108	144.75%	0	0	0	49,108	1
21	UNION BANK NATIONAL ASSN	CA	73,554	37,171	50.54%	3,954	0	2,177	22,042	8,99
22	BANK OF OKLAHOMA NA	OK	15,858	29,565	186.44%	468	710	18,748	6,000	3,63
23	TD BANK NATIONAL ASSN	DE	104,413	28,687	27.47%	0	0	352	18,367	9,71
24	HUNTINGTON NATIONAL BANK	OH	50,950	28,376	55.69%	0	0	866	24,697	2,69
25	ALLY BANK	UT	42,460	26,441	62.27%	0	0	14,762	4,673	7,00
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$7,693,684	\$203,028,098	2,638.89%	\$3,532,292	\$3,779,641	\$21,102,260	\$135,296,892	\$25,892,19
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			2,721,990	431,874	15.87%	2,872	1,561	66,788	305,273	40,29
TOTAL COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,415,674	203,459,972	1,953.40%	3,535,164	3,781,202	21,169,048	135,602,165	25,932,48

Source: US Treasury, Office of the Comptroller of the Currency

Despite all the TARP money and increased oversight(?) along with the reinstatement of "mark-to-market-believe" account potential for a major melt-down continues to exist and with the commercial real estate market starting to implode, don't the derivative banks come unglued.

In the Conservative portfolio today, we sold BUCY on a hard stop as it moved through its Action Point. There were no other changes in t some reason we continue to have email problems here in Las Vegas but will continue to update the portfolios, watch list and Musings ea when we return home over the weekend, we can get the problem solved.

11/18/2009 After the Close



Stopped the run!

Markets Diary				6:02 p.m. EST 11/18/09
Issues	NYSE	Nasdaq	Amex	
Advancing	1,395	1,029	260	
Declining	1,653	1,612	224	
Unchanged	127	191	68	
Total	3,175	2,832	552	
Issues at				
New 52 Week High	178	80	19	
New 52 Week Low	2	14	4	
Share Volume				
Total	1,063,511,549	1,990,229,771	13,592,853	
Advancing	555,860,679	830,788,441	7,169,500	
Declining	490,563,170	1,126,655,810	5,157,753	
Unchanged	17,087,700	32,785,520	1,265,600	

Nothing lasts forever and today the markets recent upward movement took a breather. By the end of the day, the market averages end than yesterday's closing levels.

The housing sector could take little comfort from today's Mortgage Banking data. The purchase index sank steeply again, down 4.7 per cent week, its worst level in 12 years. Despite low rates, the refinancing index also fell suggesting that perhaps consumers are thinking twice home equity as an ATM machine. Housing starts also fell in October probably due to a combination of demand slowing and builders una construction loans. According to a article in the LA Times,

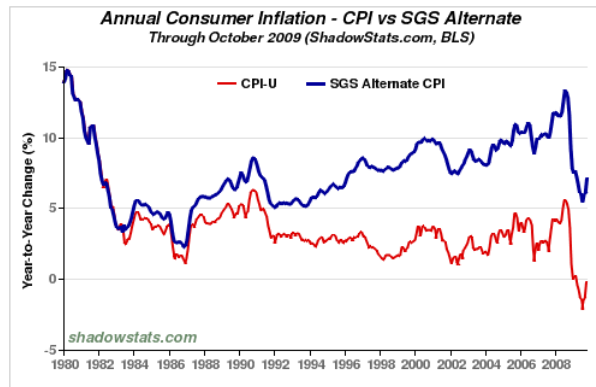
"Analysts had forecast an increase in housing starts, but new residential construction fell sharply compared with the prior month and 30.7% from October of last year."

Housing permits also fell.

Data displayed as levels in thousands, SAAR							
Released on:	Percent	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Released for:	of total	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Housing Starts	100%	551	590	593	581	592	529
Single Family	81.9%	409	478	506	481	511	476
Multi Family	18.1%	142	112	87	100	81	53
Housing Permits	NA	518	570	564	580	575	552

Data Source: Haver Analytics

Remember that talk about green shoots ... perhaps, the Ministry of Truth (MOT) was not including the Consumer Price Index (CPI) when "green shoots." Today's October CPI reading was higher than expected at a 0.3% boost after rising 0.2% the month before. Both the M Government Statistics agreed that rising energy prices were the major reason for the increasing CPI data.



We made no changes in the portfolios today.

Today we traveled to Las Vegas on the airlines. Once again, the security check-in procedure reinforced my reasons to fly only when I ca It would seem that the TSA has yet to understand the problem ... but continues to make it difficult for travelers in the belief that the pul demands in the interest of safety (?) when in fact, all that is really accomplished is harassment, intimidation and standing in line for unt hours.

Moreover, these are the same type of government employees that want to supervise your health care in the future!

11/17/2009 After the Close



Moving higher!

Markets Diary				5:58 p.m. EST 11/17/09
Issues	NYSE	Nasdaq	Amex	
Advancing	1,374	1,230	233	
Declining	1,660	1,407	256	
Unchanged	146	205	69	
Total	3,180	2,842	558	
Issues at				
New 52 Week High	187	116	22	
New 52 Week Low	6	17	2	
Share Volume				
Total	972,088,044	1,887,245,500	17,291,548	
Advancing	493,827,474	1,053,339,042	6,326,180	
Declining	455,180,870	779,172,344	8,454,568	
Unchanged	23,079,900	54,734,114	2,510,800	

Nothing seems to rein in this bull market. But once again, it was the old refrain ... "Moving higher on smaller volume."

The fundamentals in the economic world seem to have been forgotten by investors who hang on the words and not the deeds of admini spokesman. Jaw-boning about the strength of the dollar while issuing trillions of new debt and begging foreign interests to keep buying weakness.

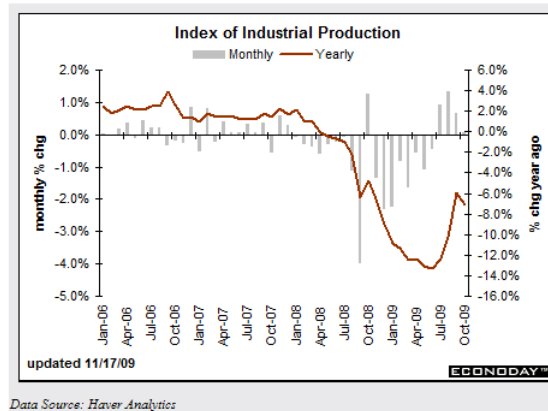
The decade of waiting for the train to crash has almost ended. The U.S. Treasury has boxed itself into a corner as it did not borrow long low. It now has a very short maturity schedule. The U.S. Treasury is now forced to borrow heavily to fund the ongoing yearly deficit and shorter maturity schedule. Of course, the federal deficit would have been higher if the maturity schedule had been longer but a cash sq been avoided.

Retail sales tax collections are dropping and each month does not provide even a glimmer of a break in those shadows of gloom in state governments. The ICSC-Goldman Sachs retail report today show a decline ... somewhat different than the retail sales report put out last Ministry of Truth. Same-store sales slipped 0.1% for a second consecutive week, according to ICSC-Goldman's tally for the Nov. 14 week

The Bureau of Labor Statistics (a component of the Ministry of Truth) issued the October reading for the Producer Price Index (PPI). As higher although the core PPI appeared to be about flat. The increase in the latest month was led a 1.6%t boost in energy and a 1.6% ri guess the core data is ok if you don't use energy or eat.

The Treasury International Capital report for September confirmed that foreign governments have lost their appetite for U.S. Governmer offerings while foreign investors drawn to the "safe haven" dollar increased their purchasers. Domestic securities purchased by foreigner billion, offset by \$15.0 billion in net foreign securities purchased by U.S. residents. Net foreign purchases of U.S. long-term securities ros \$40.7 billion in September. The decline in the dollar has not helped demand for U.S. financial assets where foreign inflows, before last y would often exceed \$100 billion.

September's index of industrial production suggested that the manufacturing sector was struggling despite some rays of hope in the Mi monthly index was barely positive on a m/m basis, the year/year comparison showed a decline from previous growth.



We made no changes in the portfolios.

We were privileged to speak last evening to the Baton Rouge AAI chapter after a great pre-event dinner. Thanks to all for their fine hos morning, we headed to Dallas, had breakfast in Shreveport and arrived home in time for lunch with Hank Mulvihill who helped us in Orla convention. In the morning, we are off again to Las Vegas before returning home for the Thanksgiving week.

11/16/2009 After the Close

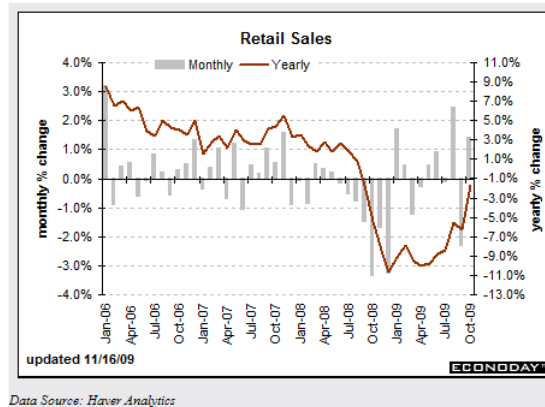


Headed up?

Markets Diary			
	5:50 p.m. EST 11/16/09		
Issues	NYSE	Nasdaq	Amex
Advancing	2,486	2,062	298
Declining	566	625	186
Unchanged	119	159	77
Total	3,171	2,846	561
Issues at			
New 52 Week High	318	161	22
New 52 Week Low	1	16	4
Share Volume			
Total	1,145,427,196	2,105,020,963	19,743,439
Advancing	1,000,756,856	1,643,684,045	14,185,419
Declining	135,734,840	444,350,007	3,680,620
Unchanged	8,935,500	16,986,911	1,897,400

Feeding off today's retail sales report and a speech by FED Chairman Bernanke, the major indices were up with advancing issues and vo today's market action.

October retail sales were higher as auto sales showed a nice rebound from the September level. The October jump in overall sales was rebound in auto sales after a 14.3 percent plunge in September. Excluding motor vehicles, retail sales improved 0.2 percent, following a September. Gasoline sales were falling last October as energy prices were in decline whereas retail gasoline sales this October were mov



We made no changes in the portfolios today.

11/13/2009 After the Close



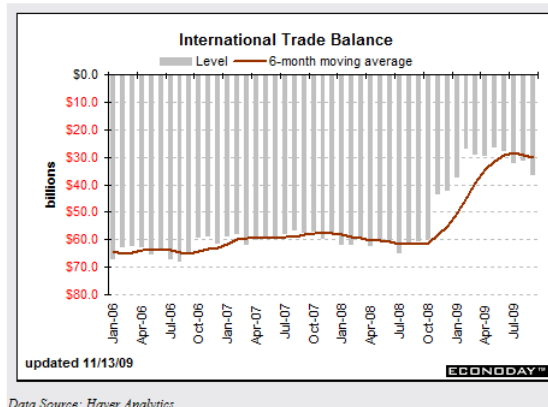
Will the rally continue?

Markets Diary			
	5:45 p.m. EST 11/13/09		
Issues	NYSE	Nasdaq	Amex
Advancing	2,206	1,762	262
Declining	813	855	218
Unchanged	127	212	61
Total	3,146	2,829	541
Issues at			
New 52 Week High	97	52	8
New 52 Week Low	2	36	6
Share Volume			
Total	985,007,540	1,876,227,449	12,780,183
Advancing	681,367,400	1,390,414,068	7,319,813
Declining	273,510,040	470,274,092	4,821,070
Unchanged	30,130,100	15,539,299	639,300

The distribution day casts some doubt upon the continuation of this rally. Unlike other recent rallies, the divergence between the NYSE percent ratios and the level of the A rated stocks in the IBD® Accumulation/Distribution rating is significant. Prudent investors should kee for a quick reversal of the rally.

Gold \$1116.10 - Silver \$17.37 up 11 cents -- That's another all-time record close for Gold!

In today's economic news, the international trade deficit increased as oil imports climbed. The overall U.S. trade deficit widened to \$36.1 revised \$30.7 billion worth of red ink in August. According to Reuters, "The U.S. trade deficit widened in September by an unexp 18.2 percent, the most in more than 10 years, as oil prices rose for the seventh straight month and imports from China t U.S. government report showed on Friday."



Data Source: Haver Analytics

Import prices have now risen for the 3rd month in a row perhaps, due to the falling U.S. dollar.

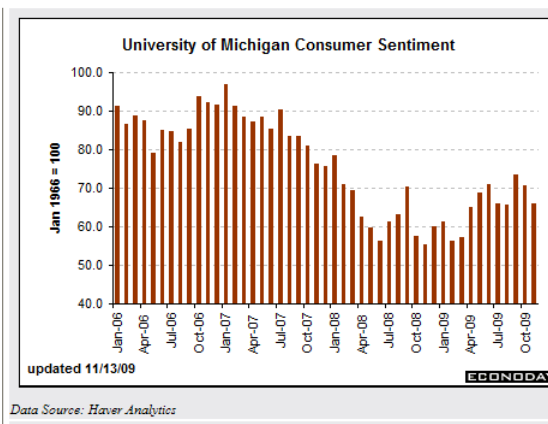
Released On:	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Released For:	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Export prices	0.4%	1.0%	-0.3%	0.7%	-0.3%	0.3%
Import prices	1.7%	2.7%	-0.7%	1.6%	0.2%	0.7%
Petroleum prices	11.1%	17.2%	-2.5%	7.7%	-0.9%	0.9%
Non oil imports	0.2%	0.1%	-0.2%	0.3%	0.4%	0.7%

Data Source: Haver Analytics

The market did not take too kindly to a falling data point contained in the University of Michigan Consumer Sentiment index.

	Data displayed as monthly index level					
Released on	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Released for	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Consumer sentiment	70.8	66.0	65.7	73.5	70.6	66.0
Difference from a year ago	14.4	4.8	2.7	3.2	13.0	10.7

Data Source: Haver Analytics



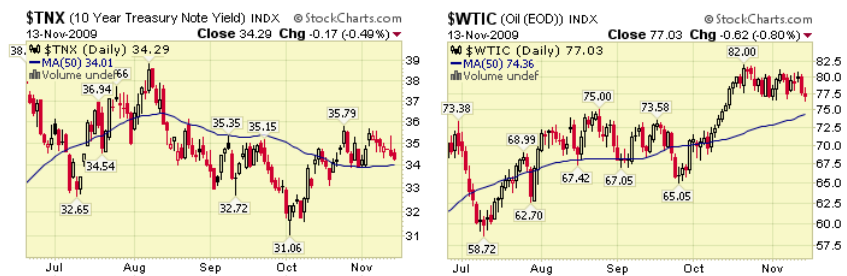
Data Source: Haver Analytics

The banks keep failing. After the market's close today, the FDIC closed three banks with total deposits of about \$3.2 billion. That should be the FDIC's capital and force it to use its credit line with the U.S. Treasury.

The U.S. dollar index is in danger of falling below the 75 support level while gold continues to move higher.



The yield on the ten year U.S. Treasury note fell to 3.43% as it closed lower every day this week. Meanwhile, crude oil continued to als



We made no changes in the portfolios today. This weekend, we will finish up at the AAI convention, then drive towards Baton Rouge, L Monday evening at the AAI chapter there. Then it is on to Dallas and Las Vegas.

• **Fred Richards**
Strategic Investing

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