

Home

Strategic Investing

Upcoming Events

Talks and Workshops

Subscribers Only

Login



STRATEGIC INVESTING

A Service of Adrich Corporation

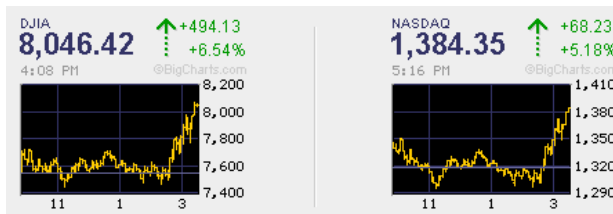
Strategic Investing focuses on stocks with increasing revenues and profits.
KISS + 5F!

- Daily Market Musings • Archive
- Daily Stock Watch List • SWL
- Archive
- Weekly ETF List • ETF Archive
- Technical Notes
 - Repurchase Rules and the Stock Watch List
 - Stock Selection in Down Markets
 - Selling Rules
 - Dow Jones Earnings
 - Gold Stocks
 - Homebuilders
 - Shorting Strategies
 - Foreign Bank Accounts
 - Portfolio Review
 - CRB Changes
 - Credit Default Swaps
- Economic Indicators
- Accumulation/Distribution Data
- Portfolios
 - Aggressive
 - Conservative
 - Core
 - ETF
 - Precious Metals
- Renew Subscription

>> Your subscription will expire in 1163 days on January 31, 2012 <<

Market Musings

11/21/2008 After the Close



The markets were basically unchanged until the last 90 minutes.

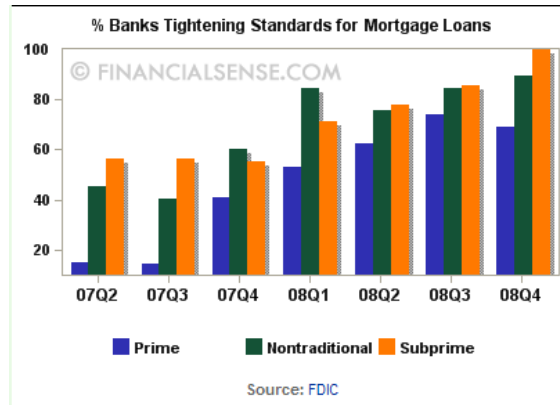
Markets Diary				5:31 p.m. EST 11/21/08
Issues	NYSE	Nasdaq	Amex	
Advancing	2,027	1,670	378	
Declining	1,161	1,115	398	
Unchanged	53	114	87	
Total	3,241	2,899	863	
Issues at				
New 52 Week High	2	3	47	
New 52 Week Low	1,245	1,211	262	
Share Volume				
Total	2,373,583,095	3,087,866,219	24,774,623	
Advancing	1,895,369,475	2,445,173,408	16,635,753	
Declining	474,255,720	533,441,639	6,816,470	
Unchanged	3,957,900	109,251,172	1,322,400	

The apparent Obama selection of the NY FED President Timothy Geithner as the new Treasury head started the rally which brought many indices to their best levels of the day. Remember that most bear market rallies are just emotional outbursts! Was there any other explanation today ...

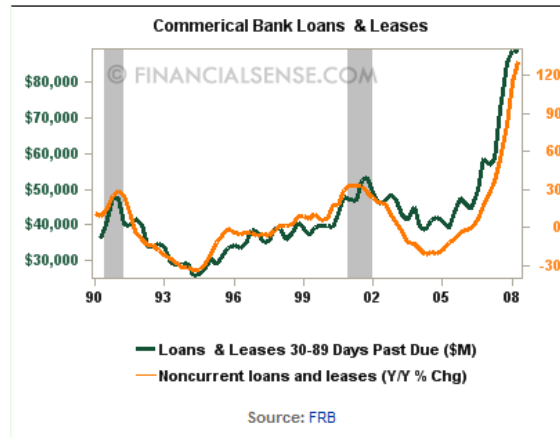
Despite the 5% up moves in the indices, note that the number of new 52 week lows was very substantial. However, advancing volume was a big winner today.

Both FNM and FRE got delisting notices from the SEC today ... will F and GM be next? The deleveraging movement continues to accelerate.

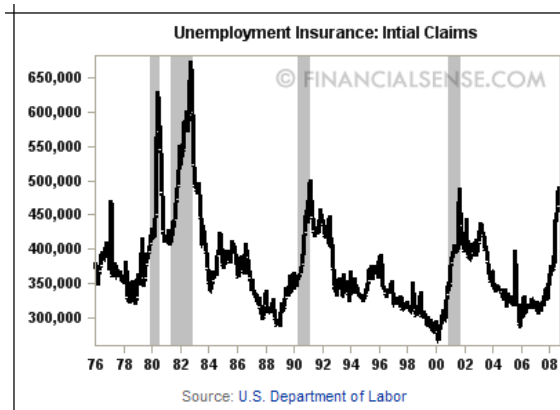
Despite the infusions of cash into the financial system, the percentage of banks that continue to tighten lending standards grows as shown in the following chart.



Of course, the reason that is necessary is shown in the following chart as the delinquency rates have soared.

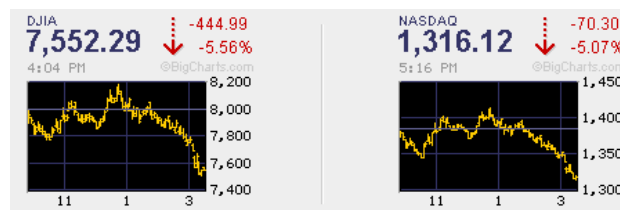


The markets were mauled this week by the higher level of new jobless claims. Again, it might be wise to put this week's level into a historical perspective. Since 1976, the number of employed has increased in the U.S. This week's new jobless claims is far smaller than in the early 1980's.



We made no changes in the portfolios today.

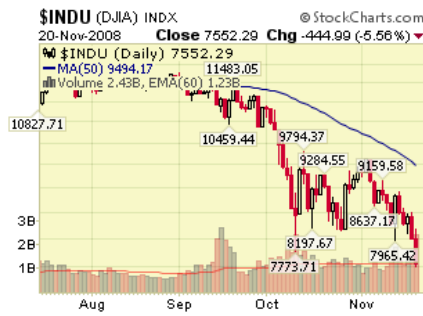
11/20/2008 After the Close



Another bad day for the longs!

Markets Diary			
	6:00 p.m. EST 11/20/08		
Issues	NYSE	Nasdaq	Amex
Advancing	225	425	168
Declining	3,008	2,516	716
Unchanged	38	114	74
Total	3,271	3,055	958
Issues at			
New 52 Week High	49	1	2
New 52 Week Low	1,894	1,158	249
Share Volume			
Total	2,204,961,918	3,159,406,484	28,875,255
Advancing	129,654,960	224,749,444	4,245,400
Declining	2,069,124,558	2,916,527,461	22,068,255
Unchanged	6,182,400	18,129,579	2,561,600

Volume picked up as investors headed towards cash. The carnage continued from yesterday. Most major indices undercut their 2002 lows today.



Everyone wants to become a bank so that they can guzzle money at the discount window. Bloomberg is reporting that GE is now also seeking to become a bank. Interest rates on 30 day bills fell to 0.1% at times today. The yield on the 2-year note, at 0.98 percent, is the lowest since the 1950s.



Today we received a note from a small bank in which we have an interest. Shortly, we shall see many others like this financial institution talking directly to their customers about the soundness of the banking institution.

WEBSTER CITY FEDERAL BANCORP

ANNOUNCES THAT IT WILL NOT PARTICIPATE IN THE U.S. TREASURY DEPARTMENT'S CAPITAL PURCHASE PROGRAM

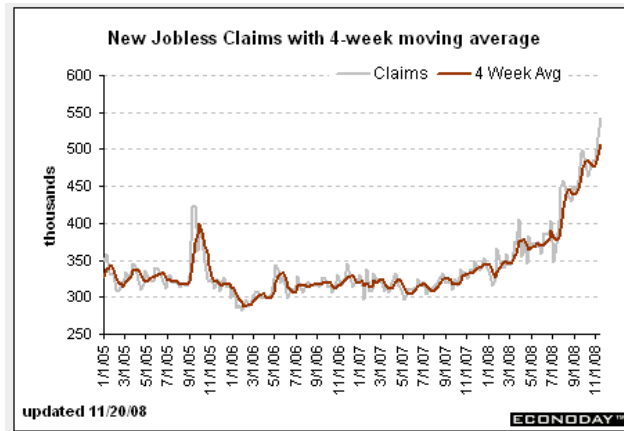
Webster City Federal Bancorp, the holding company for Webster City Federal Savings Bank, announced today that it has decided not to apply for participation in the U.S. Treasury Department's Troubled Assets Relief Program (TARP) Capital Purchase Program as authorized by the Emergency Stabilization Act of 2008.

"We are a well-capitalized, financially solid institution and have determined that we do not need the capital offered by the TARP program to meet the banking and borrowing needs of our customers" stated Phyllis Murphy, President and CEO. "The strength of our balance sheet enables us to avoid the expense and uncertainty that participation in this not yet fully defined government program would entail. As a non-participant, we will be able to employ the capital management options that we believe are in the best interests of our shareholders and our customers. We have ample liquidity to continue our lending programs for qualified borrowers of all types. Our loan portfolio is performing well, and we have no exposure to sub-prime loans. We are fortunate to have the capital and liquidity we need to continue doing business as we have in the past without the assistance offered through the TARP program."

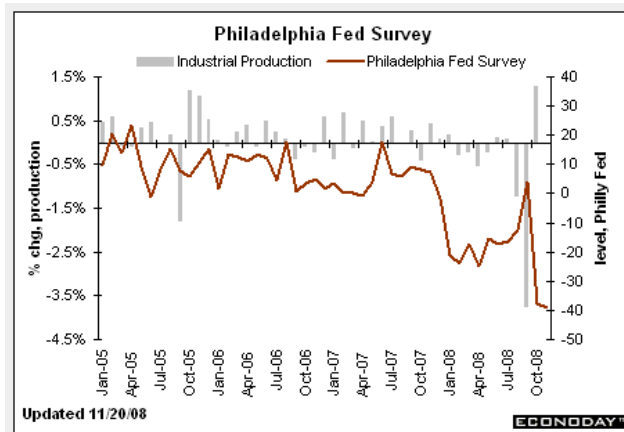
Webster City Federal Bancorp stock trades in the Pink Sheets under the symbol of WCFB.

The FED is pushing liquidity at levels never before seen in history. Total credit extended by the FED went from \$885 billion on August 27 to over \$2.198 trillion in the latest week.

Jobless claims hit a 16 year high and continuing claims rose to 4.012 in the w/e 11/8 which was the highest since December 1982. The deleveraging process is picking up steam.



The leading indicators are falling and the Philly Fed Survey fell to -39.3 in November which is an 18 year low from -37.5 in October.



Crude oil continues to fall as demand falls, it stood at \$46.70/barrel today. That is almost 100 points less than just a few months ago. The LIBOR rate also continue to contract and closed at 2.15%.

The talking heads were hopeful that the market would rally if the auto bailout was approved. When the compromise failed, F and GM helped trigger the markets slide to new low territory. The prices of the auto stocks, once the backbone of American industrial might, should cause every citizen, politician and the incoming President-elect to have nightmares. Money managers as well as the stock exchange governors have to be worried about the possibility that these companies do not meet the requirements for listing on the NYSE or being held by many prudent investment

institutions.

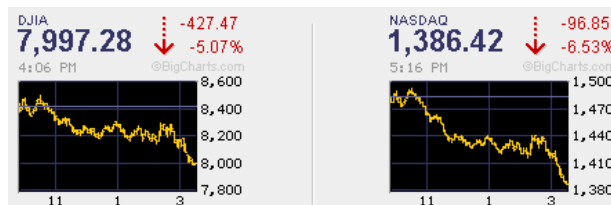


With the auto bailout still uncertain, the financial stocks continued to swoon. Citigroup fell below \$5/share despite selling more share to a Saudi prince. GS is headed below \$50. JPM is not under \$25. GE despite its attempt to get money from the discount window is under \$13/share.



We arrived safely back in Dallas today. We also closed out our TSCO position in the Aggressive portfolio and the AFAM position in the Conservative portfolio. In the CORE portfolio, we sold TSCO and GAM. There were no other changes in the portfolios.

11/19/2008 After the Close



The markets are at new lows for the Year!

Markets Diary			
5:51 p.m. EST 11/19/08			
Issues	NYSE	Nasdaq	Amex
Advancing	199	334	185
Declining	3,005	2,565	628
Unchanged	44	91	61
Total	3,248	2,990	874
Issues at			
New 52 Week High	23	2	0
New 52 Week Low	1,139	750	137
Share Volume			
Total	1,619,312,677	2,367,883,624	21,178,234
Advancing	27,783,600	52,638,609	1,653,700
Declining	1,590,684,207	2,311,553,525	18,532,234
Unchanged	844,870	3,691,490	992,300

For the first hour, the markets remained almost even but then the markets started heading south and closed at their lows for the year! Nuff said.

Was it capitulation? It did not feel like it as the down moves were too orderly and volume was not much different than yesterday.

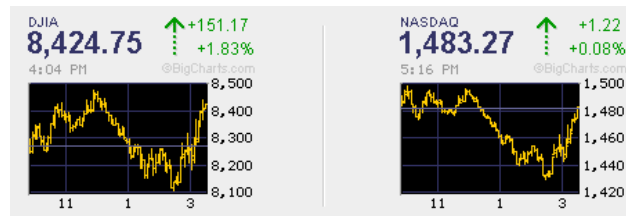
It was not a pretty day for economic data nor the markets as most of the action was to the down side. As I traveled around NYC today, the number of smiles I counted were few ... but then the wind was whipping and the weather was chilly. Or maybe it was the increase in public transportation costs brought about by a huge shortfall in the state and city budgets as taxes from the banking sector in NY fell as the credit crisis deepened. The top 16 banks paid \$173 million of state taxes in June 2007, but that number fell to just \$5 million this past June. And the financial sector generates one in five state tax dollars today, up from just 3% of state tax revenue in 1980.

Other state and local governments are also seeing a decrease in tax revenues and are cutting back employment and shelving projects. Now watch the deleveraging process gain momentum similar to an avalanche coming down a steep mountain destroying everything in its path.

Energy helped the CPI drop ... lack of interest and oversupply helped new home starts continue their downward trend.

We made no changes in the portfolios today.

11/18/2008 After the Close



A ride on the roller coaster ended with the indices mixed.

Markets Diary			
5:33 p.m. EST 11/18/08			
Issues	NYSE	Nasdaq	Amex
Advancing	1,153	1,088	237
Declining	1,975	1,719	479
Unchanged	87	112	97
Total	3,215	2,919	813
Issues at			
New 52 Week High	1	5	2
New 52 Week Low	608	585	99
Share Volume			
Total	1,597,727,432	2,441,127,617	16,906,293
Advancing	724,308,480	1,121,761,706	6,613,523
Declining	854,123,602	1,288,774,430	8,942,360
Unchanged	19,295,350	30,591,481	1,350,410

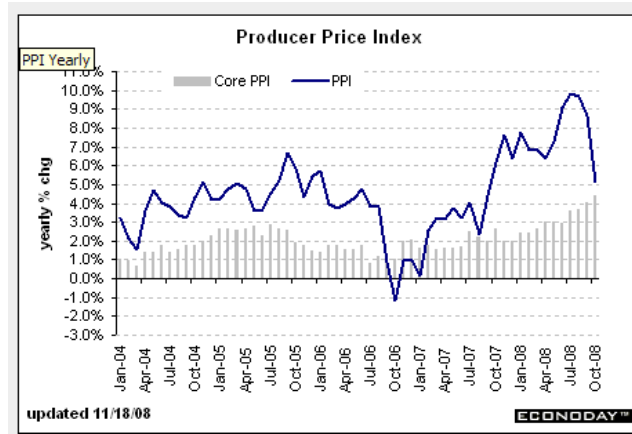
Bernanke testified and the markets waffled like a drunken rider on a roller coaster. Just when Ron Paul's questioning was getting interesting, his time expired. It is too bad that all the other members of Congress have little understanding of how the world really operates. The transparency of Inside the Beltway remains impervious to discovery.

The auto CEO's went to Washington DC to beg for billions to keep them afloat and flew in private jets. Guess they are not quite ready to accept the need to economize just yet! Unfortunately, Congress will probably give them a little more funding since to let them become bankrupt would enable major cost reduction measures to occur in wages and union benefits. Of course, failure to reduce costs will simply continue to erode their competitive position in the long-run. But

was it not Keynes that said, "In the long run, we are all dead." To a Keynesian the important thing is only today.

Although the DJIA and S&P 500 were higher, it was just three stocks (HP, XOM, and CVX) hat allowed them accomplish that feat. If you note declining issues, declining volume and new 52 week lows certainly don't look like the market is healthy. But some might argue that with the new 52 week lows being so dominant, perhaps, we are getting close to a bottom.

The PPI fell largely from a decline in energy costs. However, the core PPI was higher.

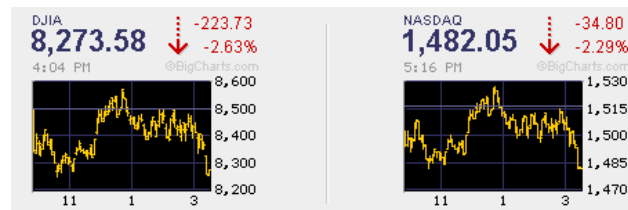


The NAHB Housing index slid further into all-time record low territory at 9 in October. September's 14 level was the previous all time record low. I wonder if the index can actually go into negative territory.

With all the traveling, meetings and requirement for sleep today, this Musing is short.

We made no changes in the portfolios today. The STI indicators for both the NASDAQ and S&P 500 continue negative.

11/17/2008 After the Close



A bad start to the week with the NASDAQ hitting the year's low point.

Markets Diary		6:28 p.m. EST 11/17/08		
Issues	NYSE	Nasdaq	Amex	
Advancing	772	927	235	
Declining	2,396	1,927	579	
Unchanged	72	144	59	
Total	3,240	2,998	873	
Issues at				
New 52 Week High	8	2	0	
New 52 Week Low	342	361	67	
Share Volume				
Total	1,302,929,859	1,845,748,228	20,743,128	
Advancing	228,107,570	326,527,657	7,937,530	
Declining	1,068,190,989	1,491,520,629	9,891,898	
Unchanged	6,631,300	27,699,942	2,913,700	

Although volume was lower, it was not a good start to the week. Finger pointing and no real movement at the G-20 kept the market in a state of uncertainty about the financial crisis.

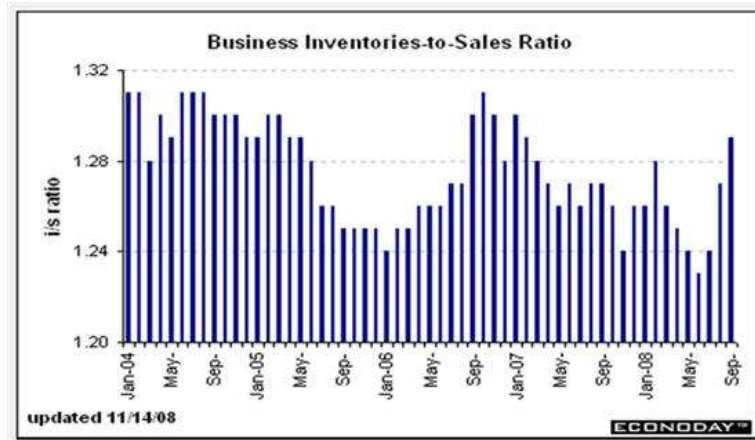
Citigroup announced layoffs of another 52,000 workers in addition to the previous 36,000. GM is cutting production and reducing employment again. Either with or without federal largess, GM, Ford and Chrysler are dead corporations on terminal life support. It is time to bury the companies with their union wage costs and pensions. Guess the unemployment rate will increase again.

In case King Henry and Helicopter Ben don't realize it, the economy can not grow without jobs being created, not

destroyed. Despite all their infusions of cash, jobs are not increasing ... time to change the playbook.

Beggar thy neighbor acts are causing many of the world's economies to fall into recession. Japan is now officially in a recession. Who's next? The IMF now wants 2% of the world GDP to stimulate the world economy. Simply amazing at the size of the numbers being thrown around.

The Business Inventory report showed an increase in inventories at the wholesale level as retail sales continue to slump. With letters of credit being restrained thus reducing incoming shipments, the wholesale level increase is probably more alarming than most realize.

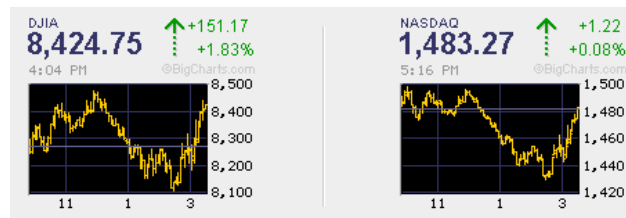


Circuit City, the nation's second largest electronics retailer, filed for Chapter 11 today. Is anyone compiling a list of all the retail chains that won't be around at the start of the year? The problems facing the commercial real estate market are going to be interesting.

As the market fall continues, we note with interest that the SEC is looking at Mark Cuban for "insider trading" but ignoring the large amount of naked shorting at Goldman Sachs and other major investment firms. Wonder if Mr. Cuban will get the 'Martha Stewart' treatment ... when the big guns friendly to Paulsen and Bernanke in NYC walk off with their multi-millions and the taxpayers pick up the tab.

We made no changes in the portfolios today. There will be no Musings either Tuesday or Wednesday.

11/14/2008 After the Close



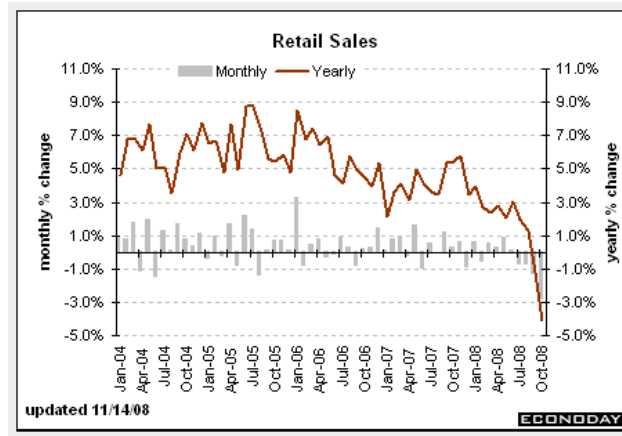
Did the market fall on fears of the G20 meeting?

Markets Diary			
	5:33 p.m. EST 11/18/08		
Issues	NYSE	Nasdaq	Amex
Advancing	1,153	1,088	237
Declining	1,975	1,719	479
Unchanged	87	112	97
Total	3,215	2,919	813
Issues at			
New 52 Week High	1	5	2
New 52 Week Low	608	585	99
Share Volume			
Total	1,597,727,432	2,441,127,617	16,906,293
Advancing	724,308,480	1,121,761,706	6,613,523
Declining	854,123,602	1,288,774,430	8,942,360
Unchanged	19,295,350	30,591,481	1,350,410

Twice the market tried to rally but ended the day near the lows. Thankfully, the volume was lower on both major exchanges so no distribution day was recorded. However, the number of declining issues and declining volume vastly outweighed their counterparts.

Did the G20 meeting spook investors, or was it the continued drumbeat of economic news suggesting that things were going from bad to worse? Or maybe, both ... in the end, yesterday's PPT play was basically feckless.

Retail sales data for October reinforces the consumer spending cutback as it fell 2.8%, the largest drop since the series started. At least, import prices fell thanks largely to decreased energy costs.



What was surprising was a slight increase in the University of Michigan preliminary Consumer Sentiment index ... guess the decline in gasoline prices helped but don't expect much of a change in the retail sales picture for the Christmas season.

World trade is being hampered as indicated by the collapse of the Baltic Dry Freight Index of 93% from its peak by the failure of banking institutions to continue to issue letters of credit which were the primary method of finance. So where has all that liquidity gone that the FED has funneled to the banks. Why right back to the FED as excess reserves now that the FED is paying interest on those reserves ... what a scam and riskless to boot!

Will every financial and insurance company in the U.S. undergo a change to enable it to tap the FED and taxpayer funds. Today, it was Hartford Insurance stepping up to the Savings & Loan window ... guess "moral hazard" is simply no longer a stigma. In [addition to Hartford Financial](#), the AP reports that Genworth Financial Inc., Lincoln National Corp. and Aegon NV have all asked the Office of Thrift Supervision for permission to buy thrifts - and access the TARP.

The Fed's balance sheet exploded again! As of Wednesday, the Fed holds \$2.249 trillion of paper. This is an increase of \$142.371B on the week and \$1.3326 trillion y/y.

Now Freddie Mac reports a \$25.3 billion quarterly loss that gives it a negative net worth and is seeking \$13.8 billion more from the taxpayer by November 29th.

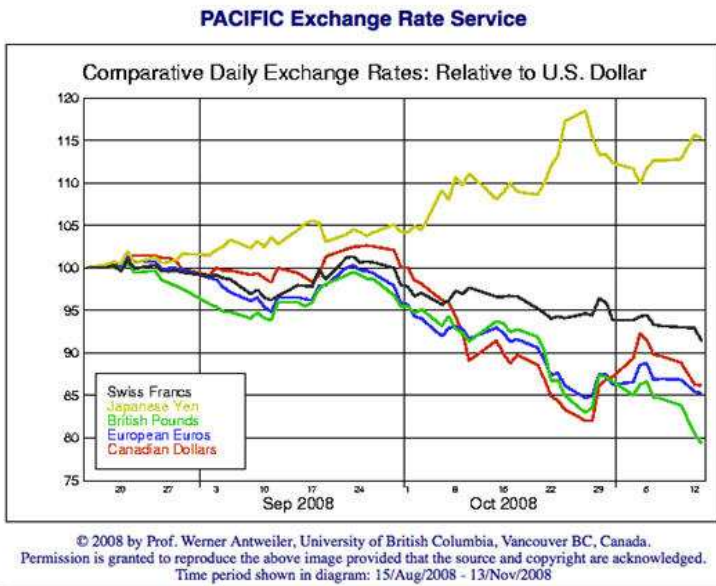
Bernanke and Paulson have no clue about the "law of unintended consequences."

The credit crisis continues. **The LIBOR rate rose for the second day in a row to 2.24%. The yield on the 10 year Treasury is 3.71% while the 30 day bill is only .065%.**

At the World Money Show here in London today, Jim Rogers ... the world traveler ... called for both King Henry and Helicopter Ben to resign and the abolishment of the FED before their uncharted course of action really pushed the world economy into a deep depression. What was striking was the dearth of investors and exhibitors at the show!

Jim Rogers was also adamant on pointing out the impossible supply/demand future for oil and particularly, the reserve position reported by Saudi Arabia. With demand for oil rising throughout most of the Middle East and Asia, he feels that prices will eventually increase into higher ground above \$150/barrel. He was particularly bullish on commodities and bearish on stocks and bonds. Bonds were a sure way to the poor house according to Rogers as interest rates would be rising in the future to offset inflation increases.

The British pound continues to lose ground to the U.S. dollar. The following chart illustrates some of the changes in currency rates versus the U.S. dollar recently.



John Williams of Shadow Government Statistics is warning of hyperinflation caused by the FED's efforts to push liquidity into the banking system. The deficit spending will continue unabated until the a failure occurs in the Treasury market and/or the U.S. bonds lose their AAA rating. The U.S. dollar has benefited from the deleveraging process throughout the world as foreign short-sellers have been forced to cover their positions to meet margin calls.

The Financial Times had an interesting piece on the possible conversion of China's U.S. Treasury notes into gold. Another Financial Times article on the G20 talks discussed a major change in the world monetary system. Don't you find it interesting that Saudi Arabia purchased \$3.5 billion of gold bullion in the last two weeks?

Another rumor around London today was that the Russians were thinking about backing the ruble with gold. Interesting!

Sunday, we are headed back to NYC and perhaps, the Internet will work faster than it does in the hotel here in London. The speeds reminded me of the old dial-up modems.

We made no changes in the portfolios today.

Fred Richards/Strategic Investing.

qu

Keep it Safe, Simple and Stay Focused!
Last updated - February 6, 2007