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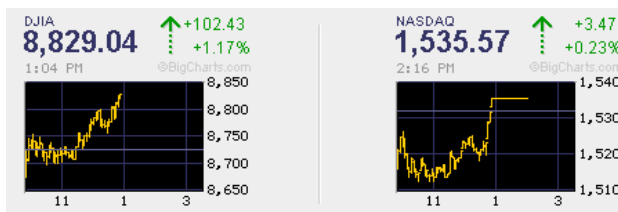
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- Daily Market Musings • Archive
- Daily Stock Watch List • SWL
- Archive
- Weekly ETF List • ETF Archive
- Technical Notes
 - Repurchase Rules and the Stock Watch List
 - Stock Selection in Down Markets
 - Selling Rules
 - Dow Jones Earnings
 - Gold 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

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Market Musings

11/28/2008 After the Close

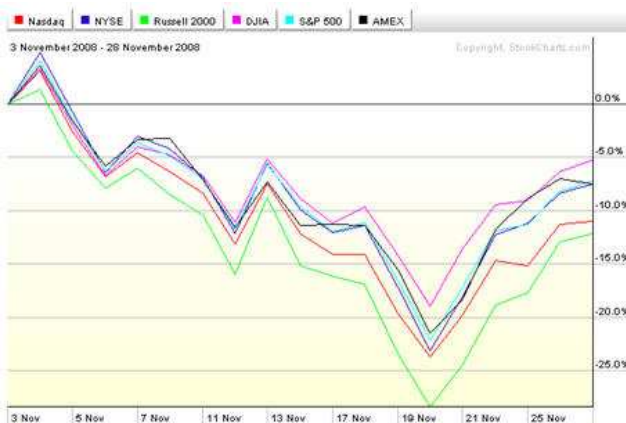


A short trading day but they still painted the close.

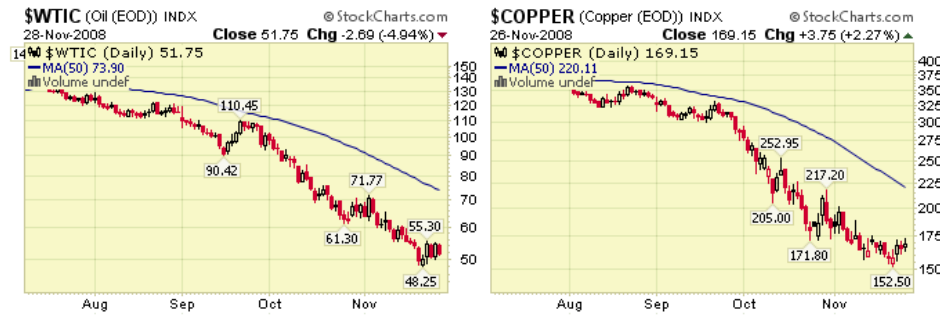
Markets Diary		3:36 p.m. EST 11/28/08		
Issues	NYSE	Nasdaq	Amex	
Advancing	2,081	1,782	347	
Declining	990	908	184	
Unchanged	75	144	61	
Total	3,146	2,834	592	
Issues at				
New 52 Week High	12	10	2	
New 52 Week Low	21	29	15	
Share Volume				
Total	768,924,084	763,780,321	6,702,386	
Advancing	516,445,044	405,187,892	3,326,420	
Declining	242,332,540	326,759,014	1,905,066	
Unchanged	10,146,500	31,833,415	1,470,900	

Take a look at the NASDAQ chart and look at how the last 30 minute rally pushed the end of the month numbers higher. Where is the SEC ... missing in action once again? Today's markets closed at 1 p.m. EST and the volume was light as many traders and investors took the day off to celebrate Thanksgiving.

For the month, the markets ended down with the DJIA turning in the best performance and small caps as represented by the Russell 2000 the worst as shown in the following chart. Still the markets appear to have recovered from the lows suffered in the third week of October despite a continuing flow of poor economic data.

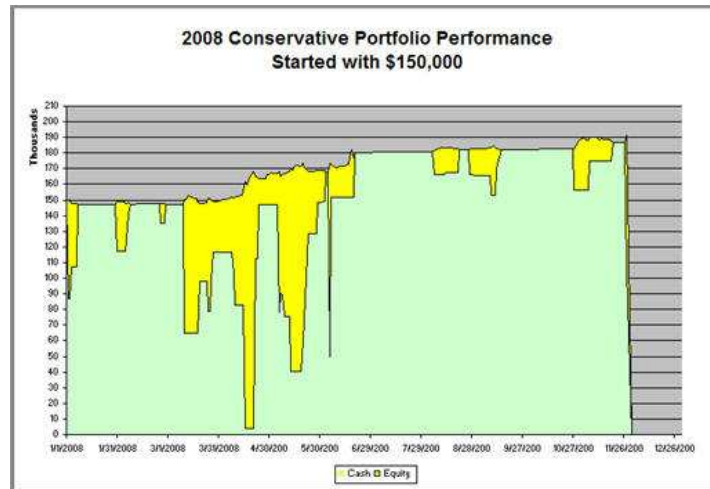
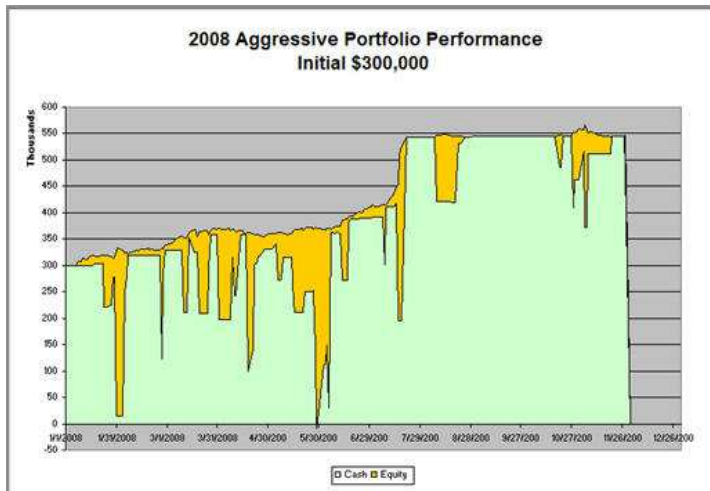


Market volatility continues and until it subsides the bottom may not be in as shown in the following chart.



In the Aggressive portfolio, we purchase COGT and TSCO. In the Conservative portfolio, we purchase EBS, AFAM, ISYS and INT. In the ETF portfolio, we closed out our short positions and went long the QQQQ's and SPY's.

The performance of the Aggressive and Conservative portfolios for the first eleven months of 2008 is shown in the following graphs.



There were no other changes in the portfolios.

11/27/2008 After the Close

The markets were closed for Thanksgiving today.

11/26/2008 After the Close



Today the markets moved higher on lower volume!

Markets Diary				6:04 p.m. EST 11/26/08		
Issues	NYSE	Nasdaq	Amex			
Advancing	2,708	2,264	396			
Declining	466	579	224			
Unchanged	65	136	63			
Total	3,239	2,979	683			
Issues at						
New 52 Week High	19	6	0			
New 52 Week Low	55	88	19			
Share Volume						
Total	1,411,544,903	1,962,120,926	11,652,924			
Advancing	1,268,868,523	1,831,520,074	8,304,824			
Declining	134,706,180	116,526,565	2,523,600			
Unchanged	7,970,200	14,074,287	824,500			

It was an impressive performance for the day before Thanksgiving. The market ignored the economic news once again and focused upon the possible improvement in late January. Advancing issues and volume were dominant as investors took advantage of an extremely oversold market.

The only economic data point that was positive was the refinancing data based upon 30 year mortgage costs dropping from 5.98% to 5.81%. Every thing else was negative, new jobless claims, durable goods, new housing starts, personal spending falling and the NAPM Chicago index. There seems to be a real disconnect between the stock market rebound and past economic reports. I guess that some investors are hoping that things have to get better.

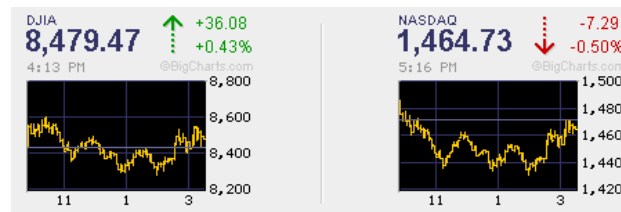
As we are pressed for time today, we will close and wish all of you a Happy Thanksgiving. Tomorrow we will expand on today's markets.

We did post three upcoming Strategic Investing workshops in January and February. To signup, go to

<http://www.stratinv.net/Upcoming%20Events.htm>

We made no changes in the portfolios today.

11/25/2008 After the Close



NASDAQ broke the string!

Markets Diary				5:27 p.m. EST 11/25/08		
Issues	NYSE	Nasdaq	Amex			
Advancing	2,153	1,529	275			
Declining	1,005	1,195	270			
Unchanged	62	126	56			
Total	3,220	2,850	601			
Issues at						
New 52 Week High	2	4	2			
New 52 Week Low	88	168	35			
Share Volume						
Total	1,877,576,191	2,514,487,371	14,170,480			
Advancing	1,214,069,201	977,180,493	6,959,540			
Declining	645,010,380	1,511,434,508	6,260,340			
Unchanged	18,496,610	25,872,370	950,600			

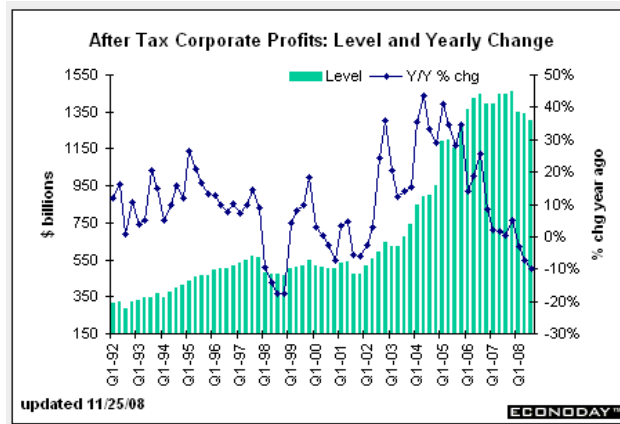
If markets reacted to anything but hope and emotion, today's economic news should have seen the market test the recent lows. But the dismal economic news was overshadowed by the expectations for Obama and his team. We shall see whether that optimism is correct.

The FED changed course once again and this time it is putting another \$800 billion into the financial wasteland. Just how much longer will it be until the cost of all this printed paper causes foreign investors to begin to say ... enough already!

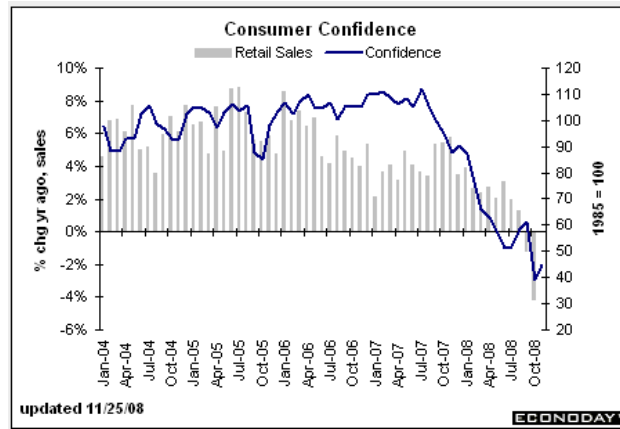
The Fed will purchase \$600 billion in debt issued or backed by government-chartered housing-finance companies, basically to make more available/cheaper (lower interest rates) mortgages. The Fed said they will buy the \$600 of securities split as follows, \$500 billion of GSE sponsored MBS which will be done through a competitive auction process and they will buy \$100 billion of direct GSE obligations, (FNMA, FHLMC, GNMA and FHLB) beginning next week.

The Term Asset-Backed Securities Loan Facility (TALF) will lend up to \$200 billion of a non-recourse basis to holders of AAA asset-backed securities backed by loans for credit cards, education, credit cards and SBA loans. \$20 billion of TARP funds will be used to provide the Fed "credit protection". The new programs will be issued for a period of one-year with the program ending 12/31/09.

We are now in a recession as revisions to the 3rd Qtr GDP showed a 0.5% decrease. The latest retail store sales showed a w/w decline of 0.9%. Corporate profits fell 9.9% for the 3rd Qtr on a y/y basis and the rate of decline is increasing.

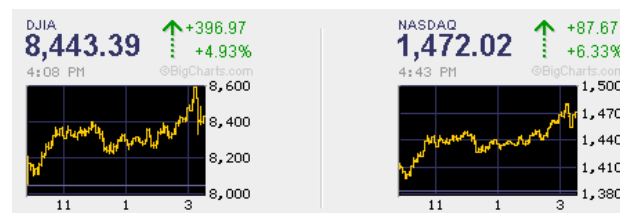


Thanks to declining energy prices, consumer confidence seems to rebound slightly.



We made no changes in the portfolios today.

11/24/2008 After the Close



The markets were up two days in a row!

Markets Diary			
		4:44 p.m. EST 11/24/08	
Issues	NYSE	Nasdaq	Amex
Advancing	2,831	2,119	401
Declining	359	651	194
Unchanged	33	117	54
Total	3,223	2,887	649
Issues at			
New 52 Week High	1	3	2
New 52 Week Low	125	255	63
Share Volume			
Total	2,041,057,180	2,556,488,068	24,998,720
Advancing	1,899,010,533	2,396,335,136	19,350,220
Declining	137,542,891	145,017,370	4,862,200
Unchanged	4,503,756	15,135,562	786,300

The Citibank bailout and the announcement of more Clinton economic advisors helped the market to move higher. It was the largest two day gain for the DJIA since 1987.

Bloomberg had a report that the bailout bill was now approaching \$7.4 trillion in FED and Treasury infusions into the markets. That is about 50% or more of the nation's GDP.

Volume was definitely to the upside as news of Citibank's bailout caused investors to become less worried. Of course, the value of their dollar holdings will also deteriorate but today might be consider a "relief rally."

The Treasury will buy \$20 billion in Citigroup preferred stock using TARP funds, bringing the Treasury's total investment in Citi to \$45 billion. In addition, the Treasury, Fed and FDIC will provide guarantees for up to \$306 billion of troubled assets in exchange for \$7 billion in preferred stock and warrants for 254 million shares of common stock at a strike price of \$10.61. Citi will absorb the first \$29 billion in losses on the troubled assets and then 10% on any remaining losses, while the government will cover the remaining 90% in losses.

Under the deal, Citi must get an executive compensation plan approved by the government and must not pay a quarterly dividend larger than \$0.01 without government consent.

Still the market remains definitely oversold. New 52 week lows continue to dominate. Does the action of the last two days suggest that a new rally is underway? If one begins, it will be based only upon the hope that things will improve. Of course, Obama promised change and the electorate voted for him. However, so far, I find it simply the same old characters from the Democratic party and former Clinton appointees who are moving into the Cabinet and other posts. Some change!

Existing home sales continued to fall 3.1% in October vs. September. Median home prices were showing a decline of 11.3% on a y/y basis, the largest on record.

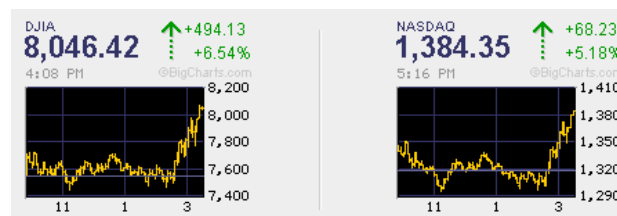
The risk premium on 10 year U.S. Treasury credit default swaps rose to record levels today as investors become concerned about the cost of rescuing banks and automobile manufacturers. The FED and Treasury are playing a very risky game. The premiums have doubled from levels seen before the collapse of Lehman Brothers. The possibility of the U.S. losing its AAA credit rating continues to grow.

CNBC had a report today that about half of the mortgage's which had been restructured were already in default and were facing foreclosure once again. **National Association of Realtors now say 45% of sales are foreclosed properties, and they are also saying 50% of reworked loans are defaulting.**

Trying to paper over the credit problem by extending more debt to a person already up to their eyeballs in debt only ends up drowning the debtor. The compassionate forget that at some point the piper wants his due. Many years ago, I learned that the first loss is the best loss unfortunately, sending good money after bad rarely pays a dividend.

We made no changes in the portfolios today.

11/21/2008 After the Close



The markets were basically unchanged until the last 90 minutes.

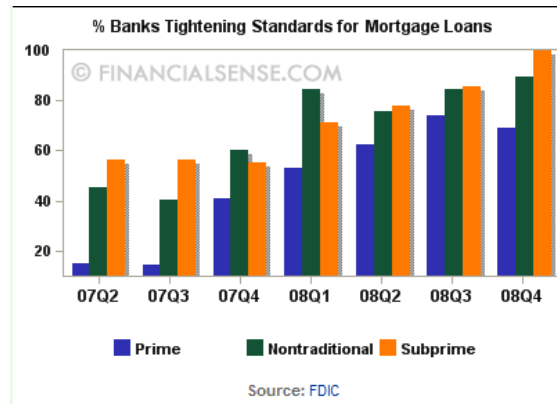
Markets Diary		5:31 p.m. EST 11/21/08		
Issues	NYSE	Nasdaq	Amex	
Advancing	2,027	1,670	378	
Declining	1,161	1,115	398	
Unchanged	53	114	87	
Total	3,241	2,899	863	
Issues at				
New 52 Week High	2	3	47	
New 52 Week Low	1,245	1,211	262	
Share Volume				
Total	2,373,583,095	3,087,866,219	24,774,623	
Advancing	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 ...

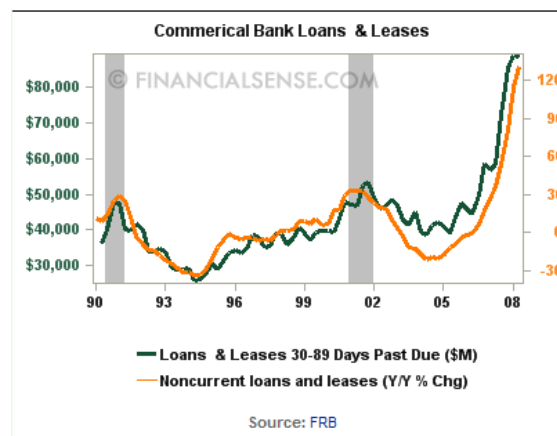
Despite the 5% up moves in the indices, note that the number of new 52 week lows was very substantial. However, advancing volume was a big winner today.

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

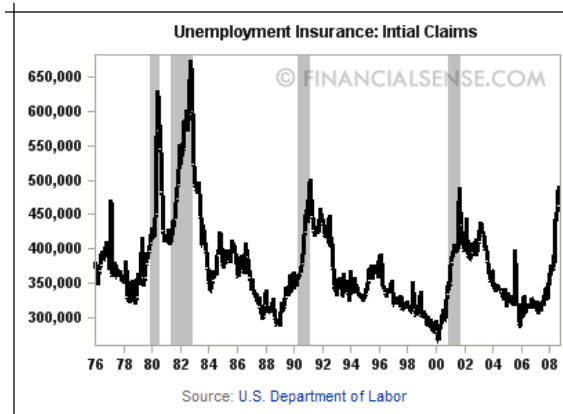
Despite the infusions of cash into the financial system, the percentage of banks that continue to tighten lending standards grows as shown in the following chart.



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.

Fred Richards/Strategic Investing.

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