

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 1128 days on January 31, 2012 <<

**Market Musings**

**12/26/2008 After the Close**



**Tepid volume today but the markets managed to end higher.**

Markets Diary		5:27 p.m. EST 12/26/08		
Issues	NYSE	Nasdaq	Amex	
Advancing	2,284	1,652	310	
Declining	772	1,086	206	
Unchanged	94	133	66	
<b>Total</b>	<b>3,150</b>	<b>2,871</b>	<b>582</b>	
Issues at				
New 52 Week High	4	3	3	
New 52 Week Low	28	71	24	
Share Volume				
Total	516,539,463	600,469,908	10,459,352	
Advancing	368,470,300	317,636,732	5,592,052	
Declining	137,553,073	258,501,158	3,374,600	
Unchanged	10,516,090	24,332,018	1,492,700	

The markets should have closed today as well as yesterday as interest was practically non-existent and without the impact of any earth-shattering news, today's action could be disregarded.

Retailers, particularly, high-end sellers had a terrible last-minute sales rush confirming that the Christmas selling season will see the demise of many stores. MasterCard reported that total retail sales, ex auto's, fell 5.5% y/y in November and 8% in December through December 24th. Last minute Christmas shopper failed to materialize, as traffic last weekend fell 27% y/y, with sales down 5.3%, according to ShopperTrak RCT Corp. This morning, we managed to visit several local shopping malls and were not impressed with the number of shoppers looking for bargains nor exchanges. Perhaps, it really was a disaster for many merchants.

GMAC was approved as a bank holding company by the Federal Reserve.

Most commodities were quiet and traded in a narrow range with the exception of gold which rose in the last 45 minutes to close at \$870 well above previous resistance of \$850. Gold is now \$200 off the lows in this correction. Goldman Sachs has changed from being a massive short seller to now being long gold in the Tokyo market.

We made no changes in the portfolios today.

**12/25/2008 After the Close**



**12/24/2008 After the Close**



**Little interest in the markets today.**

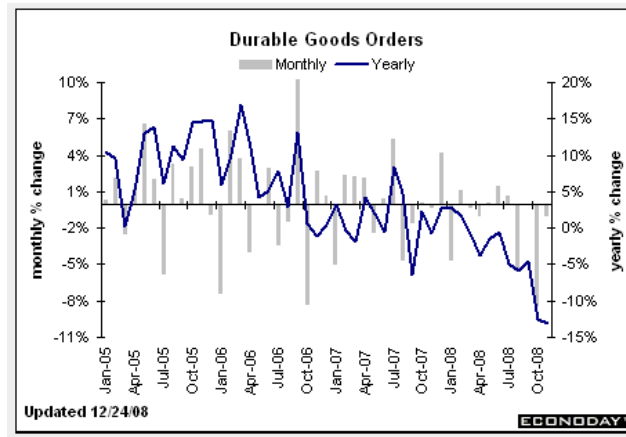
<b>Markets Diary</b>			
	1:10 p.m. EST 12/24/08		
<b>Issues</b>	<b>NYSE</b>	<b>Nasdaq</b>	<b>Amex</b>
Advancing	1,787	1,407	286
Declining	1,219	1,258	210
Unchanged	118	172	62
<b>Total</b>	<b>3,124</b>	<b>2,837</b>	<b>538</b>
<b>Issues at</b>			
New 52 Week High	6	4	3
New 52 Week Low	38	68	25
<b>Share Volume</b>			
<b>Total</b>	<b>403,688,591</b>	<b>506,871,623</b>	<b>8,354,697</b>
Advancing	245,650,570	240,635,891	3,403,287
Declining	149,741,651	246,898,828	2,984,010
Unchanged	8,296,370	19,336,904	1,967,400

Volume dropped again although the major indices were positive. With most investors starting a long holiday weekend, the volume was very light. Economic news remains largely negative.

Lowered mortgage rates did help the Mortgage Bankers Association purchase index jump 11% in the latest week with a huge surge in the re-fi index of 60% as long-term, 30 fixed rates fell to 5.04%.

Durable goods orders continued to show weakness ... down 1.0% in November from October and was led by transportation and primary metals.

<b>Trends</b>							
Released On:	Percent	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Released For:	of Total	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
<b>New Orders</b>	100.0%	1.4%	0.7%	-5.5%	0.0%	-8.4%	-1.0%
less defense	94.3%	0.7%	1.8%	-6.0%	-1.7%	-6.7%	-0.9%
<b>Industry Groups</b>							
Primary metals	10.1%	7.8%	2.9%	-12.5%	-5.9%	-16.2%	-2.9%
Fabricated Metals	13.0%	1.0%	0.7%	-1.8%	-0.9%	-3.0%	0.3%
Machinery	14.3%	2.6%	3.8%	-6.6%	0.2%	-10.6%	4.1%
Computers & electronic prod	12.9%	1.0%	-4.5%	1.9%	-2.5%	-4.9%	5.9%
Electrical Equipment	5.0%	5.0%	-8.3%	-3.3%	-1.1%	-11.0%	0.3%
Transportation	27.4%	-1.8%	2.7%	-9.4%	5.5%	-12.7%	-7.4%
Unfilled Orders	NA	1.0%	0.8%	0.3%	0.2%	-0.9%	-0.6%

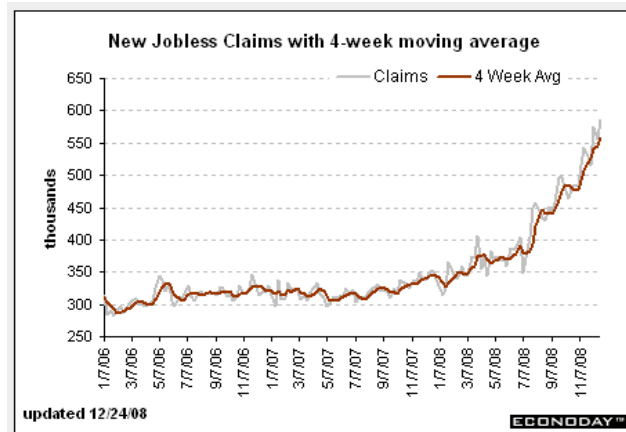


Personal income continues to be negative on a y/y comparison. Personal consumption expenditures are also falling as consumers rein in their spending.

**Trends**  
 data displayed as monthly percent changes

Released on:	Percent of Total	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Released for:		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
Personal income	100.0%	0.1%	-0.8%	0.3%	0.0%	0.1%	-0.2%
Wages & salaries	53.8%	0.2%	0.2%	0.3%	-0.2%	0.1%	-0.1%
Disposable income	88.5%	-1.8%	-1.0%	-1.1%	0.1%	0.2%	-0.1%
Real disposable income	72.2%	-2.6%	-1.5%	-1.1%	0.0%	0.7%	1.0%
Consumer Spending (nominal)	100.0%	0.5%	-0.1%	-0.2%	-0.4%	-1.0%	-0.6%
Durable goods	10.1%	-1.5%	-3.1%	1.7%	-3.4%	-4.3%	0.0%
Nondurable goods	29.8%	1.2%	0.2%	-0.8%	-0.8%	-2.8%	-2.2%
Services	60.1%	0.5%	0.3%	-0.1%	0.3%	0.4%	0.1%
Consumer spending (real)	100.0%	-0.2%	-0.6%	-0.1%	-0.5%	-0.5%	0.6%
Durable goods	14.3%	-1.6%	-3.2%	1.9%	-3.2%	-4.0%	0.6%
Nondurable goods	28.8%	-0.5%	-1.0%	-0.6%	-0.8%	-0.9%	1.5%
Services	57.0%	0.1%	0.0%	-0.3%	0.2%	0.3%	0.1%
PCE price index	NA	0.8%	0.5%	0.0%	0.1%	-0.5%	-1.1%
Core PCE price index	NA	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%
Market Based PCE	NA	0.8%	0.8%	0.0%	0.1%	-0.6%	-1.3%

New jobless claims rose 30,000 in the December 20 report to 586,000, the highest level since 1982. The four week average for continuing claims, at 4.320 million, is also the highest since 1982.



Once King Henry and Helicopter Ben started down the bailout road, many wondered when it would stop. Of course, Lehman was perhaps just a way to eliminate a competitor. However, today two more financial institutions were taking some of that free money ... American Express filed a two page application and is getting \$3.9 Billion and CIT Group. CIT Group converted to a bank holding company status.

In the Madoff affair, one has to wonder if we are not being totally scammed. I find it hard to believe that all of those financial institutions and their credit-risk honcho's could be bamboozled for all these years. And where were the auditors?

Could it be that by treating the losses as fraudulent, the investors are able to tap SIPC funds and recover their losses? Maybe, there is more to the Madoff affair than meets the eye.

The companies receiving TARP funds have employed aggressive accounting and will likely experience restatements

or other adverse events in the future according to Audit Integrity, an independent research firm than measures corporate integrity risk.

More than 80 percent of TARP financial services companies have a "Very Aggressive" or "Aggressive" Accounting and Governance Risk (AGR) rating based on their most recent regulatory filings. As a result, these companies have a high statistical likelihood they will restate their earnings and suffer from other adverse events, including regulatory actions, shareholder litigation and bankruptcy. By comparison, two-thirds of the more than 7,000 publicly-traded North American companies rated by Audit Integrity have "Average" or "Conservative" ratings.

**The Audit Integrity analysis focused on the 25 financial services companies that have received more than 90% of the TARP funds to date. Those rated "Very Aggressive" were:**

- **American International Group**
- **Bank of America**
- **Citigroup**
- **Fifth Third Bancorp**
- **Goldman Sachs**
- **J.P. Morgan Chase**
- **Merrill Lynch**
- **Morgan Stanley**
- **PNC Financial Services**
- **Wells Fargo & Company**

Both GM and Ford also have low Audit Integrity ratings. Now couple that with the bond rating fiasco and you have the makings for a real mess.

We made no changes in the portfolios today.

We wish you all a fabulous Holiday as we will be enjoying all three sons, and their better halves as well as all eight grand-children tomorrow opening presents at Grandma's house. As many have suffered serious losses this year, we are grateful and count our blessings!

**12/23/2008 After the Close**

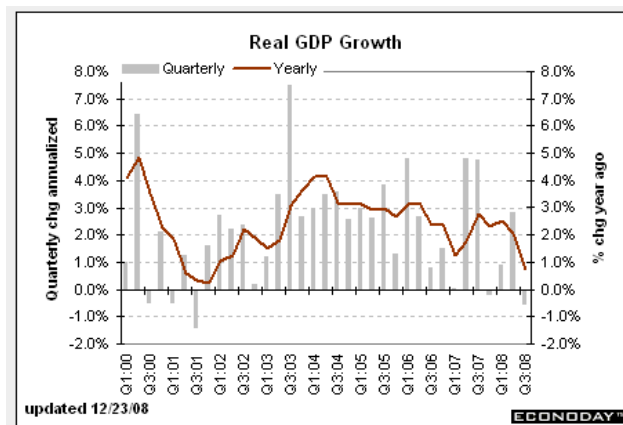


**Another down day on lower volume**

Markets Diary		5:55 p.m. EST 12/23/08		
Issues	NYSE	Nasdaq	Amex	
Advancing	1,233	1,052	275	
Declining	1,884	1,839	352	
Unchanged	94	117	52	
<b>Total</b>	<b>3,211</b>	<b>3,008</b>	<b>679</b>	
<b>Issues at</b>				
New 52 Week High	1	9	0	
New 52 Week Low	51	81	40	
<b>Share Volume</b>				
Total	980,388,546	1,304,519,796	16,181,646	
Advancing	297,638,306	388,782,722	6,817,856	
Declining	660,199,780	904,329,342	7,653,290	
Unchanged	22,550,460	11,407,732	1,710,500	

**Today's economic news did not help the market although volume dropped again and declining issues**

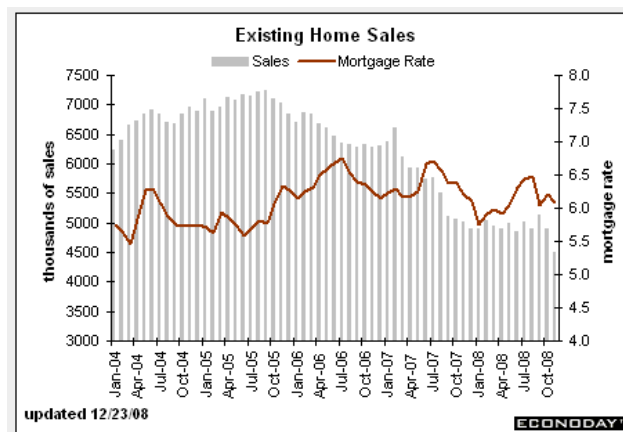
and volume were dominant. The Ministry of Truth revised the 3rd Quarter of 2008 GDP to a 0.5% decline. The data shows a weakness in personal consumption and a fall in residential values. Gee, we really need to know that now.



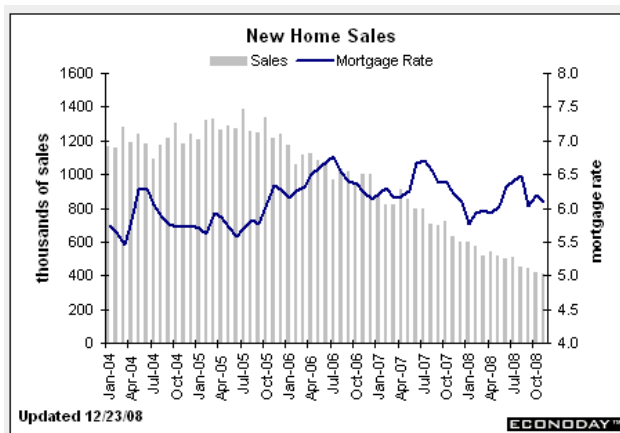
Corporate profits in the third quarter were revised to a -10.1% change in November 2008 using the NIPA data continuing the downward trend of the last three quarters.

The housing crisis remains.

Existing home sales (85% of all home sales) in November fell 8.6% to 4.490 million units annualized. A decline to 4.930 million units was expected. The previous month was revised lower to 4.910 million units. Year/year sales are down 10.6% and are 380.1% below their peak in September '05. Single-family sales fell 8.0% and are down 8.8% year/year. Condos/coops fell 13.0% and are down 23.1% year/year. The supply of homes for sale rose to a heavy 11.2 months. The median home price fell 2.8% vs. the previous month and is down 13.2% year/year, the largest since records began being kept in '68.



New home sales in November fell 2.9% to 407,000 units annualized the lowest level since January '91. A decline to 415,000 was expected. The previous month was revised lower to 419,000. Sales are down 35.3% year/year and are down 70.7% from their peak in July '05. The supply of homes available for sale fell to a still extreme high 11.5 months supply.



The Christmas Holiday shopping season is relatively weak and Consumer sentiment was only marginally stronger in the latest survey.

We made no changes in the portfolios today.

**12/22/2008 After the Close**

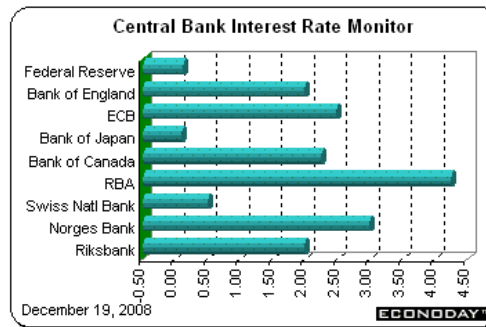


Starting the week with the color of Santa's suit!

Markets Diary			
	5:23 p.m. EST 12/22/08		
Issues	NYSE	Nasdaq	Amex
Advancing	979	911	248
Declining	2,141	1,873	314
Unchanged	80	143	53
<b>Total</b>	<b>3,200</b>	<b>2,927</b>	<b>615</b>
Issues at			
New 52 Week High	5	4	3
New 52 Week Low	49	114	36
Share Volume			
Total	1,220,373,889	1,673,432,541	21,249,765
Advancing	258,515,400	368,308,460	10,863,000
Declining	951,847,179	1,271,819,141	9,432,365
Unchanged	10,011,310	33,304,940	954,400

Holiday week and the volume was light but the market headed lower. Only a late PPT inspired rally kept the damage from escalating.

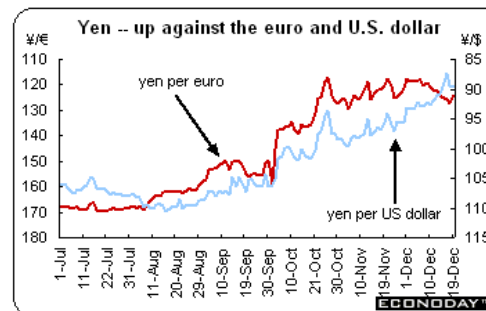
Last week, not only the FED but the Bank of Japan lowered their rates. The difference between U.S. rates and other countries remains as other central banks continue to lower their rates as shown in the following chart.



Yields on U.S. securities continue to flirt with historic lows. The two year note registered its lowest rate in history today, below 1%. What makes no sense at all is that the world's largest debtor is allowed to sell additional debt for nothing and it is almost certain that the dollars which purchase the bonds will be worth significantly less when those instruments mature.

None of the 10 economic sectors was immune to the day's downdraft and financials ended as the worst performing sector. There was little economic news of note other than Toyota warning that it expects its first loss in history. I guess no one is immune from the auto woes. Ford and GM despite the TARP funds and \$3.5 billion from Canada still were losers in today's trading.

Over the weekend, the incoming administration added a few billion to the stimulus package ... now \$850 billion and the dollar declined. Oil also was lower and is now 70% below its highs. Gold was slightly higher while yields on the 10 year Treasury notes also moved up a little. The yen remains the best currency as shown in the following chart.



Loans on commercial property are becoming more difficult to refinance as both retail and warehouse space become increasingly empty and vacancies rise. This weekend we spent with the family in several major shopping venues. Never had a problem finding a parking place and the lines at the checkout stations were less than in previous years. Watch for a rash of store closings after the year end.

Developers are now the latest group begging Washington for bailout money. One has to wonder when and where it will end, as it must.

The FDIC also announced that in the third quarter, the Deposit Insurance Fund (DIF) decreased by 23.5 percent (\$10.6 billion) to \$34.6 billion (unaudited). The reduction in the DIF was primarily due to an \$11.9 billion increase in loss provisions for bank failures, which represents the estimated losses for FDIC-insured institutions that are likely to fail over the next 12 months. Accrued assessment income increased the fund by \$881 million. Interest earned, combined with realized and unrealized gains (losses) on securities, added \$653 million to the insurance fund."

As I have said many times, as an individual investor, you only have one person to look out for you ... and that is you. If you think the government will, forget it. Adding more debt onto an overloaded debt structure is not a solution ... it just buys a little time, maybe.

We made no changes in the portfolios today.

12/19/2008 After the Close



### A day without much excitement!

Markets Diary			
	5:33 p.m. EST 12/19/08		
Issues	NYSE	Nasdaq	Amex
Advancing	1,954	1,417	287
Declining	1,152	1,434	280
Unchanged	85	106	83
Total	3,191	2,957	650
Issues at			
New 52 Week High	8	6	1
New 52 Week Low	41	100	26
Share Volume			
Total	2,424,060,627	2,739,455,657	41,371,559
Advancing	1,370,321,460	1,609,020,417	13,751,430
Declining	1,027,459,427	1,107,408,838	24,377,429
Unchanged	26,279,740	23,026,402	3,242,700

The bailout of the auto industry with \$17 billion of loans to Chrysler and GM hardly energized the market and it ended mixed. The dollar strengthened, crude oil was below \$34/bbl.

Today was options expiration which helped overall volume.

There was no economic news other than the auto bailout. Jim Rogers was quoted on Bloomberg today that "the policies of central banks and politicians are turning what would have been a recession into a new great depression, and that Barack Obama's taxation agenda will only make the problem much worse." I think I would agree.

We spoke at the FED FRIDAY luncheon today and as a result this will be short.

We made no changes in the portfolios today.

The Marina del Rey is filling up fast and if you want to attend, better make your decision soon. Room still is available for the Dallas and Houston workshops. [For more information, see the Upcoming Events page.](#)

Fred Richards/Strategic Investing.

qu

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