

Strategic Investing

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Market Musings

1/4/08 After the Close



The NASDAQ and Russell 2000 undercut their previous lows

Markets Diary		
Issues	NYSE	Nasdaq
Advancing	732	
Declining	2,445	2,445
Unchanged	51	
Total	3,228	3,228
Issues at		
New 52 Week High	22	
New 52 Week Low	498	
Share Volume		
Total	1,647,336,210	2,459,340,000
Advancing	106,446,300	172,630,000
Declining	1,536,357,010	2,281,306,000
Unchanged	4,532,900	5,403,000

Early Monday update from Kingman, AZ.

After fighting high-winds, rain, and snow from Dallas to here, we will add some thoughts to

Stock Watch List & Market Commentary

Dallas Investor's Forum on Saturday, the market's movements the last two weeks of 2007 : dictated by tax loss selling, window-dressing of portfolios, and sector movements by large will begin to emerge in the next two weeks. So pay attention and keep up those watch list

Commodity funds are back into the market and have driven the priced of agricultural com caused by increased food prices will start to move higher. Prices for unleaded gas on the t: \$2.83 in Amarillo to \$3.19 in Kingman. At a truck stop in Holbrook, AZ, I overheard two fuel while one commented that his load paid all costs plus a percentage. So he was makin alive and well.

Now it is off to Las Vegas and the Consumer Electronics Show.

Throw in the towel! The rally is over! Today's employment report drove investor's concer markets chalked up distribution days for the major indices.

It was not pretty. Look at the new 52 week lows versus highs and you know that the marke quality stocks took a hit today. Look for IBD to change its designation of Market under Pr

The economic facts are that the economy is struggling and might be headed for a recessior Government Statistics and I are in the camp that the Ministry of Truth is really hiding the citizens who reside outside of the Beltway and the environs of the financial district.

We sold MA in the Conservative portfolio today as it violated its Action Point. From Am today's Musings but because of time pressures we are now uploading to the web now.

1/3/08 After the Close



Today's rally fizzled!

Markets Diary		
Issues	NYSE	Nasd
Advancing	1,737	1,
Declining	1,549	1,
Unchanged	62	
Total	3,348	3,
Issues at		
New 52 Week High	59	
New 52 Week Low	268	
Share Volume		
Total	1,320,405,860	1,918,841,
Advancing	522,073,900	878,318,
Declining	776,456,080	1,015,861,
Unchanged	21,875,880	24,662,

Although today's economic reports were better than some expected, the morning rally heard indices closed mixed on lower volume. NASDAQ did close lower for the sixth straight tra

The dollar went down and gold went up along with the gold shares. Commodity funds were futures. Crude oil went over \$100 before slipping back to 99.18 at the close.

The Challenger job report showed fewer jobs being cut by almost 50% than in the previous week ending December 29 fell but by 21,000 from the previous week still remained a said private employment grew by a larger than expected 40K in December, compared to question the accuracy of this report. Tomorrow's employment report might move the mark

While factory orders for November showed an increase, remember that the ISM data for December months can cause nightmares if you only read the headlines.

The FED auctions of funds direct to lending institutions may continue for some time as the system without actually having banks crash. The best analysis of the situation is [an article you might find interesting](#).

We made no trades in the portfolios today.

1/2/08 After the Close



Poor Economic Reports made today another distribution day

Stock Watch List & Market Commentary

Markets Diary		
Issues	NYSE	Nasd
Advancing	1,355	1,
Declining	1,911	1,
Unchanged	67	
Total	3,333	3,
Issues at		
New 52 Week High	60	
New 52 Week Low	190	
Share Volume		
Total	1,420,116,140	2,038,452,
Advancing	314,053,960	451,223,
Declining	1,097,258,680	1,559,330,
Unchanged	8,803,500	27,897,

The equity markets got off to a poor start in 2008 as oil touched \$100/bbl., gold made a run that the recession odds were increasing. Another distribution day was suffered by the major indices as they hit their record lows.

Perhaps, there was more window-dressing in the markets at the end of December than markets participants would have sought a more-realistic level. Certainly, there has been little strength in the numbers since then.

For the record, crude oil closed at 99.11 and gold was up 18.85, the largest jump in years. The S&P 500 had a lower closing at 75.97. One of the sector losers today was the broker/dealer index as shown below.



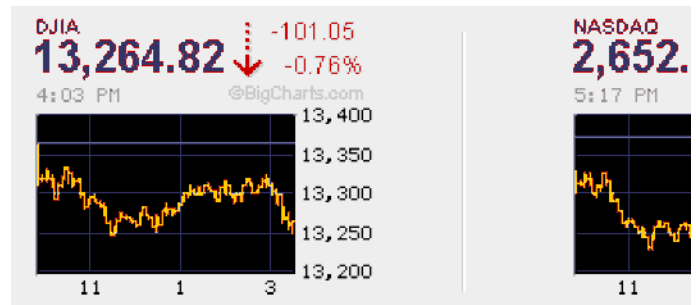
Stock Watch List & Market Commentary



We finished the 2008 Outlook today and will publish it tomorrow. We closed out all the new positions in the five portfolios. The Conservative, ETF and Core portfolios were profitable. Aggressive and Precious Metals portfolios began with \$300,000 in capital.

There were changes in the Conservative, Core and Precious Metals portfolios today. We added to the Aggressive portfolios today.

12/31/07 After the Close



The year ended with distribution showing up across the board

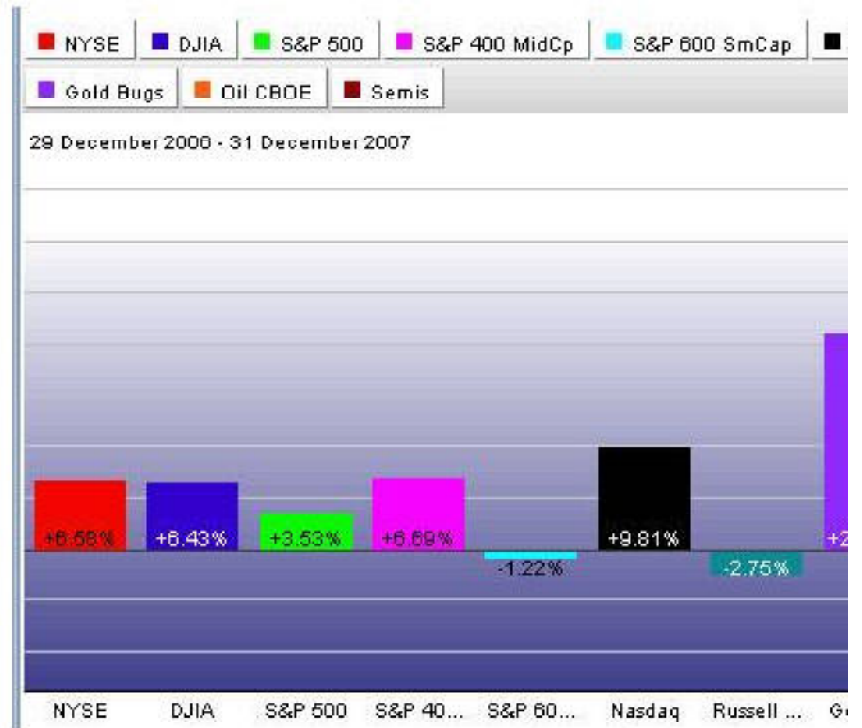
Markets Diary		
Issues	NYSE	Nasdaq
Advancing	1,518	1,454
Declining	1,764	1,032
Unchanged	78	16,215
Total	3,360	3,360
Issues at		
New 52 Week High	30	
New 52 Week Low	243	
Share Volume		
Total	1,131,161,440	1,454,890,000
Advancing	469,900,500	406,133,000
Declining	646,100,740	1,032,541,000
Unchanged	15,160,200	16,215,000

Downside volume picked up today as the market ended the year with a decline.

days during the last three trading sessions does not suggest a strong market significantly higher than new 52 week highs suggesting that perhaps, it is selling moving the markets.

The report that sales of previously owned homes were up 0.4% in November. The feeble housing market continues to be hindered by record-high foreclosure prices continued to fall. The median price of a home sold last month was a 10.5 percent drop from a year ago. It was the fifth biggest annual decline on record.

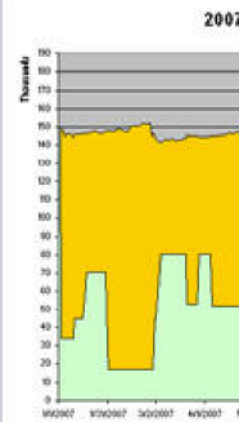
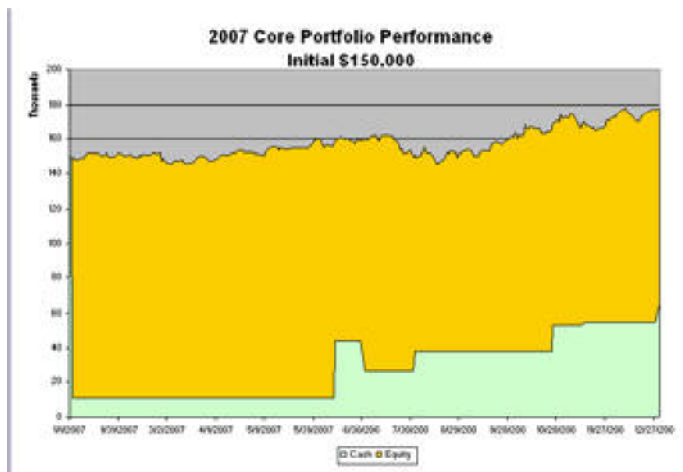
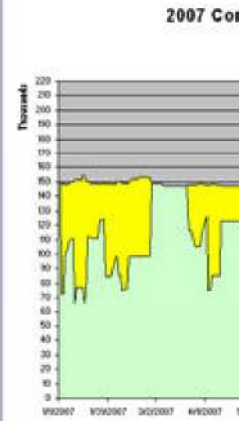
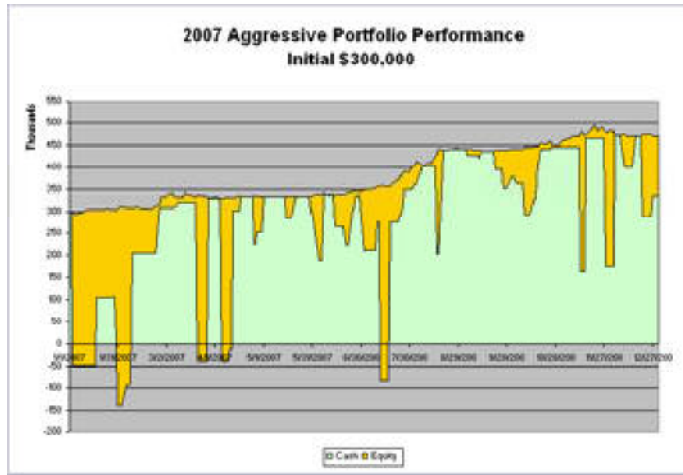
The performance of selected indices for 2007 is shown in the following chart.



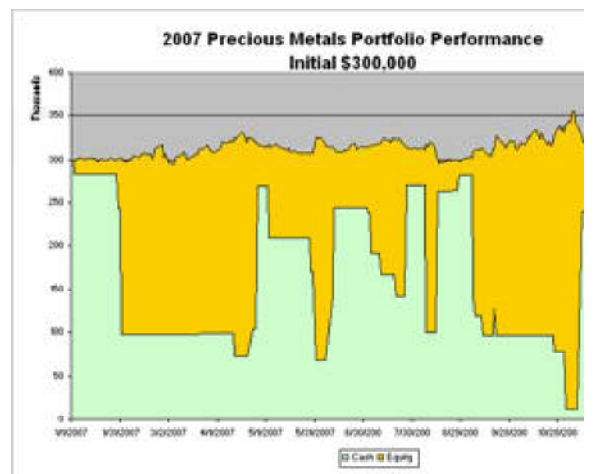
The performance of the Strategic Investing portfolios exceeded most of the

	2006	Since 1-1-2007
Aggressive	+48.0%	57.0%
Conservative	+26.3%	31.5%
Core	N/A	18.5%
ETF	N/A	11.1%
Precious Metals	75.4%	5.8%

The performance of the Strategic Investing portfolios is even more interesting when you consider the amount of cash held in the portfolios over the year. The amount of cash held in the portfolios is shown in green/blue color.



The Precious Metals portfolio which held shares performed relatively poorly, but the gold bullion was up 31%.



Gold close at 833.60 and silver at 14.79. For gold, it was the highest year

Stock Watch List & Market Commentary



The U.S. dollar index closed at 76.62 while the yield on the ten year US

The infusion by central banks of over \$750 billion since August still finds are just now entering the highest period of loan resets in the sub-prime mortgage rates and foreclosures continue to increase. Although existing home sales and housing prices are creating a “Catch-22” problem for many. Do not look to the problem caused by these derivatives which were supposed to reduce a major headache!



Crude oil failed to break the \$100 level during 2007 but came close. WTI yearly close in history. Copper which closed at 307.20 is often a harbinger and has failed to move above its 50 week average during the current rally as the economy is headed down.



We expect to publish our Outlook 2008 sometime in the next 48 hours and will have to juggle various schedules and various football games that require our attention. Outlook and market data which might influence your investment choices in the cc

We will be heading to Las Vegas this weekend to take in the Consumer Electronics Show with our friends and make new ones while we try to make sense of the technology there. Perhaps, we will find another Google or Apple hiding in a nook and cranny. Musings could be really late.

The 2007 year is now history. All in all, it was not a bad year for the Strategists, I am hoping that your results were better than ours.

12/28/07 After the Close



A day with little movement at the close!

Stock Watch List & Market Commentary

Markets Diary		
Issues	NYSE	Nasd
Advancing	1,622	1,
Declining	1,558	1,
Unchanged	84	
Total	3,264	3,
Issues at		
New 52 Week High	37	
New 52 Week Low	233	
Share Volume		
Total	1,033,060,530	1,349,962,
Advancing	445,256,630	519,429,
Declining	530,284,000	800,822,
Unchanged	57,519,900	29,710,

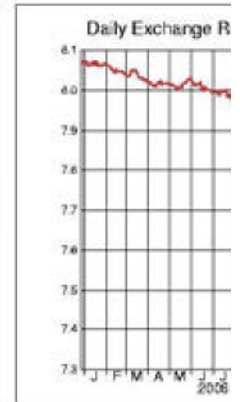
About noon while watching the tape, it appeared that today was going to be managed to a sales data and gold moving higher with the dollar going lower, the PPT brought the indices volume, new 52 week lows surpassed their counterparts suggesting that the market had a t

As of Dec. 27, China's currency (the yuan) had risen 6.7% against the U.S. dollar in 2007 come in the last 30 days. The pace is faster than the 5% rally many expected, but is still r economy.

The slide in the dollar's value is helping keep higher-priced U.S. farm commodities comp changes in the global market that might exist for years. For the last years, the U.S. dollar f years against the renminbi. Note that it appears that the rate of decay against the renmint



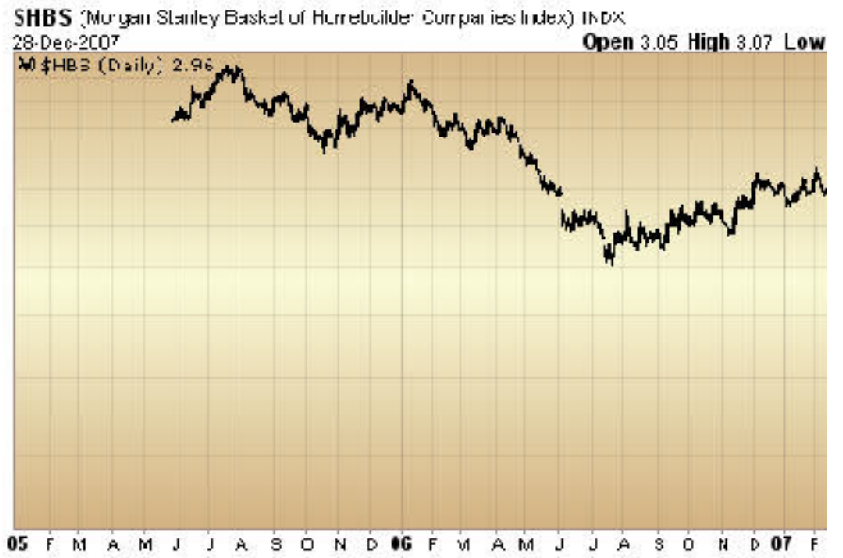
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Time period shown in diagram: 27 Dec 2005 - 27 Dec 2007



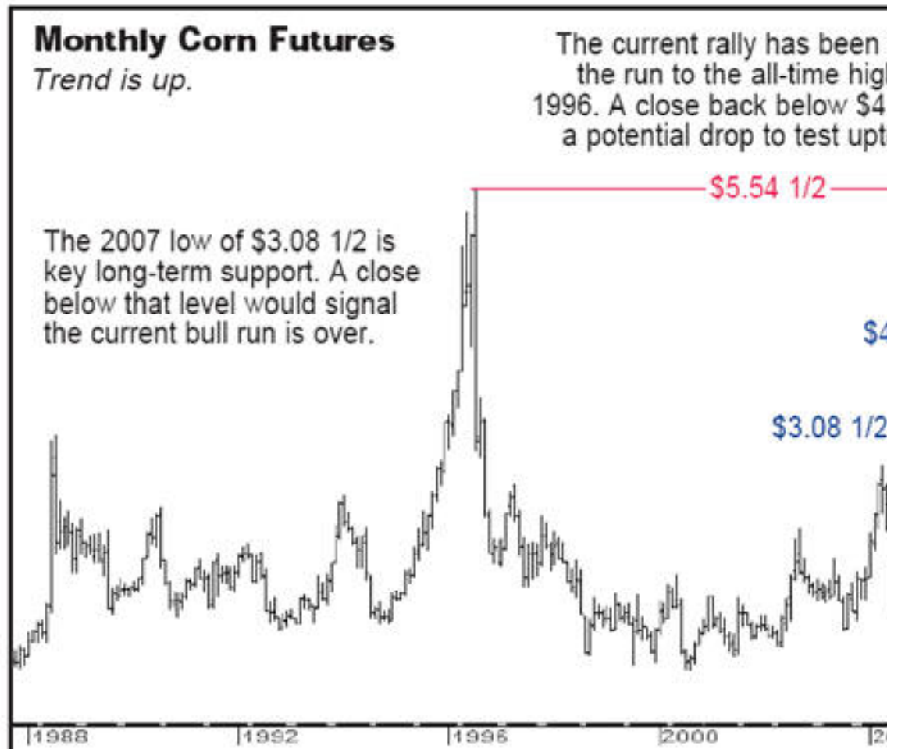
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Time period shown in diagram: 27 Dec 2005 - 27 Dec 2007

The Dept. of Commerce indicated new home sales declined 9.0% in November to an annual rate of 6.1 million units, marked a 12-year low. Inventory of new homes now stands at 9.3 months supply, the highest in 12 years. The Homebuilder index has fallen about 70% ... can it go lower?

Stock Watch List & Market Commentary



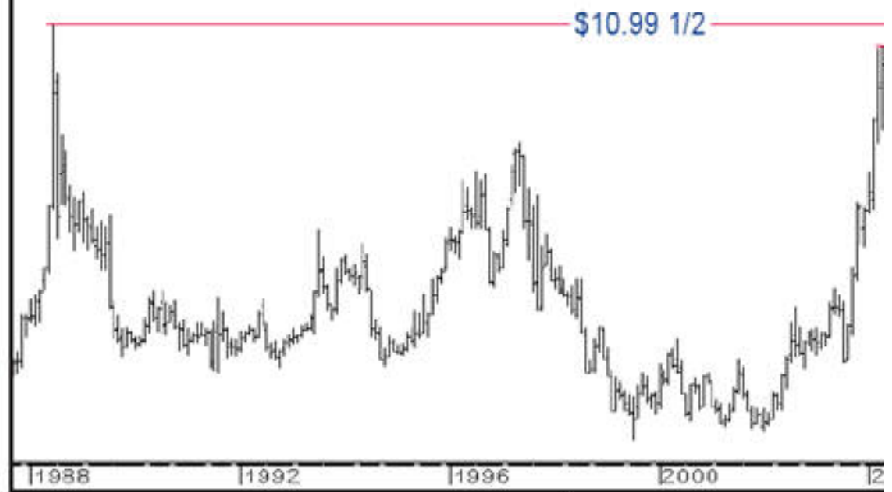
Inflation is surely above the Ministry of Truth's 2.2% level which it used to revised various... Yesterday, we sold corn and soybeans bushels right out of the field for cash next October for about double the price we received last year. The long-term futures charts shown below provide a historical perspective.



Monthly Soybean Futures

Trend is up.

Bulls are targeting the all-time high of \$12.90 posted in 1973
A close back below old resistance at \$10.99 1/2 and \$10.64
would signal at least a short-term top and potentially a major



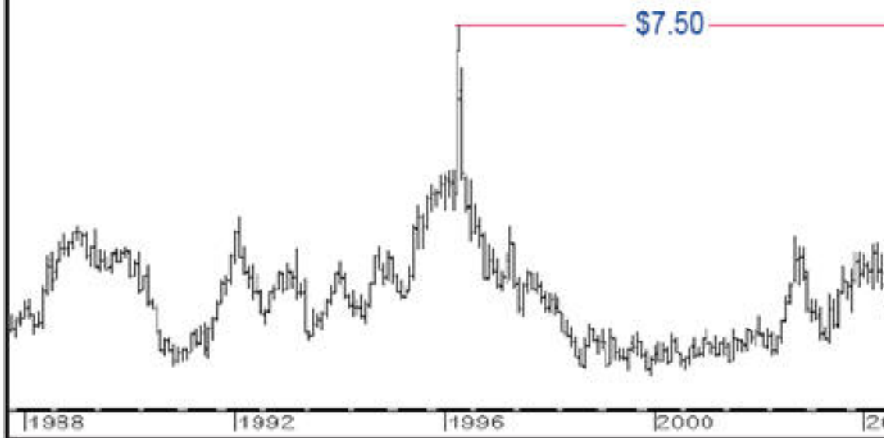
Monthly Chicago Wheat Futures

Trend is up.

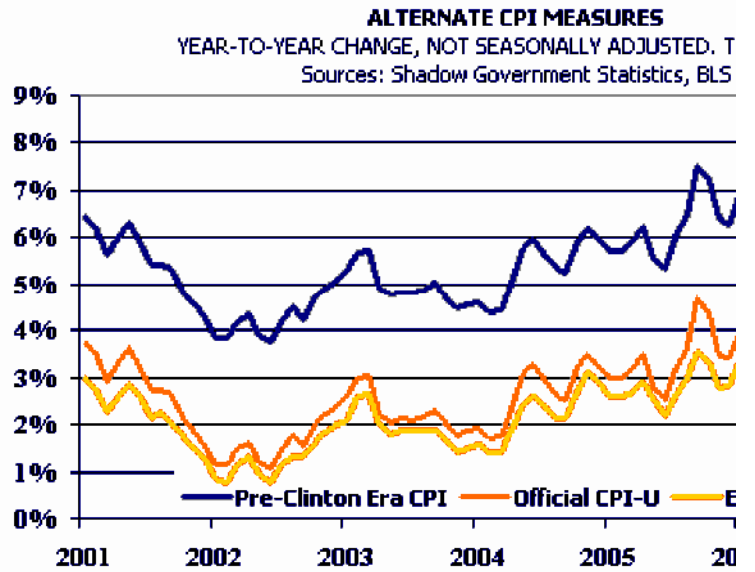
The December high of
resistance. A close
have bulls targeting \$

A close below the old high
at \$7.50 would indicate a
major top has been posted
and would have bears
targeting a challenge of the
uptrend from the 2005 low.

\$10



John Williams of Shadow Government Statistics believes that the CPI is understated by the following chart which tells a different story than the official government figures.



The real problem with using data from the Ministry of Truth is that policy-makers make d making bad policy decisions. The Federal Reserve and the U.S. Treasury along with Cong facing serious problems for largely that reason.

We made no changes in the portfolios today.

Have a great weekend and get ready to greet the New Year next week.

Fred Richards/Strategic Investing