

MARKET NOTE . . .

EQUITIES RESEARCH

When both Cisco (CSCO - 78) and Sysco (SYU - 84) are acting well... it's hard to call the market narrow. You can argue Tech is mixed, the Semis versus Software, but when it comes to the guys who make the stuff that makes the stuff, ASML (1455), KLAC (1685) or AMAT (341), there is blowout sort of strength. Similarly, when it comes to the guys who dig the stuff that make the stuff, the Metals and Miners, XME (127), there's blowout strength as well. So, with this seeming across-the-board strength, how is it we've seen the A/Ds falter a bit? The typical answer is the Financial stocks, owing to their number, and to look at the Financial ETF (XLF - 54) this does seem the case. Again, typically this could be a concern, but in this case seems a reflection of rate regulation. Then, too, it is best not to make excuses for the numbers.

With stocks above their 200-day in the mid-60s, and yet to show deterioration, the overall background still seems sound. The Financials could become worrisome, but there's also evidence in Staples of expanding participation. Sure, Microsoft (MSFT - 434) is disappointing as is most of Software, that's not new but it has brought the message to the fore. Yet for every Microsoft, there's a META (738) or IBM (309). Meanwhile, back in 1929 a 10% position in Homestake Mining, equivalent today to Newmont Corp. (NEM - 127), made up for any losses. The interesting thing there is that the 20s and 30s were a period of deflation rather than inflation. What drives Gold now - dollar weakness, geopolitical uncertainty, China's Taiwan threat, is not clear. After its run Gold is a bit hard to buy, but less hard to ride.

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CISCO SYSTEMS (CSCO - 78)



SYSCO CORP (SYU - 84)



STATE ST FINANCIAL SECTOR ETF (XLF - 54)



ISHARES SOFTWARE SECTOR ETF (IGV - 92)

