

MARKET NOTE . . .

Blow on them... they'll go up. That's what happens when stocks are sold out. At important lows it's not the buying that matters it's getting the selling out of the way. We're thinking of course of the Oil sector, at something like 3% of the S&P by market cap. They have rallied sharply recently on the news out of Venezuela. That news being the world could soon be awash in even more Oil, which at \$60 per barrel may not even be profitable. While the fundamental logic escapes us, the technical logic does not. No one owns them. Another thing going for Oil is pretty basic — it's a Commodity and Commodities are hot. Tech is not going away, but this could be the year of Commodities more than Semiconductors. It's early, of course, but a look at FCX (54) versus NVDA (185) makes our point.

To look at the S&P, or even the NASDAQ 100, the period from October to year end was one of consolidation. It didn't quite feel that way even during the very positive late December period when winners were sold. As has been the case for much of the time since April, something came along to fill the void, namely the Healthcare and Financial stocks. They call it rotation, provided something does come along. Otherwise, they call it a top. Some have worried of the lack of a momentum surge and we have noted the 50–60% of stocks above their 200-day misses the mark of most bull markets. We have chosen to write this off due to an unusual degree of rotation. Time will tell, to coin a phrase.

Frank D. Gretz

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NVIDIA CORP. (NVDA – 185)



FREEPORT MCMORAN (FCX – 54)



VISA INC. (V – 352)



BRISTOL MYERS (BMY – 56)

