

Just the Facts, Ma'am

Many of you will remember when Jack Webb (a.k.a. Joe Friday) of DRAGNET fame used to caution a witness not to digress, but stick to the facts, just the facts. So O.K. Jack, here they are.

The Dow was down 5.5% at the end of April. The month of April was the worst being off by 3%. Why? More sellers than buyers. Remember, just the facts.

The interest rates continue to rise with a quarter of a percent each month. Oil prices rose and approached \$60 per barrel, and then fell to \$50 per barrel. Corporate earnings were twice what was expected. The war in Iraq continued, though not featured on the front page anymore. China flirted with re-evaluating the Yuan. GM and Ford's bonds got downgraded to junk. Tiger Woods won the Masters with a chip-in on the 16th. All in all, just another typical four months in the market and the world. Sorry for the comment Jack. I'll continue and stick with the facts.

The trading range in 2004 was 9600 to 10400, and the trading range in 2005 has been 10,000 to 10,400. The lower end has risen. Corporate guidance for the next quarter is better than analysts think. Corporations are either buying back their own stock (CSCO \$18.00 as of 5-5-05), (GE \$35.85 as of 5-5-05), increasing dividends, (NDE \$39.99 as of 5-5-05), (IRC \$15.09 as of 5-5-05), or buying other companies, (CVX \$53.30 as of 5-5-05). I could go on and on. All of a sudden, there will be more buyers than sellers.

I'd like to talk about the emotion of fear and greed, and how people usually are fearful when they should be greedy. And greedy when they should be fearful. (Remember 9-11, what a great time to buy. Most were too afraid. Remember 12-31-00, what a great time to sell. Most were too greedy.) But I won't. Only stick to the facts.

History says earnings drive stock prices. The facts: First the earnings, which is now, and then the rising stock prices, which is later.

I like the facts. How about you.....Jack?

Till next time,

Bill

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