

As of January 19, 2006

A dramatic opening for the year of 2007 has all the investors wish that they can be fast enough to seize every single opportunity. Besides the record breaking high for the Dow, heavy trading volumes and volatile swings during the intraday keep heating up the market. More than 2.8 billion shares changed hands on the **New York Stock Exchange**. Volume on the Nasdaq reached nearly 2.08 billion shares. This losing-and-gaining ground episode is replayed many times a day on Wall Street. The market managed to pull back on Friday even though it was on a negative note in the beginning of the week. For the week, the **Dow** was higher by 9 points to 12,565.53. The **S&P 500** was fractionally lower and closed at 1430.50. The **Nasdaq** lost 52 points and ended at 2451.31.

As the cold weather finally arrived and lasted for the past several days, crude oil futures, which have plunged roughly 17% since the end of 2006, gained \$1.51 to \$51.99 a barrel. Natural gas and gasoline were also rising. However, investors should remain cautious on the energy sector. Even though oil prices might continue to reach \$55 next week, high volume of inventory is likely to put a stop on this rising trend. On the bond side, treasuries were losing ground. The 10-year Treasury note gave up 7/32 in price and yielding 4.77%, and the 30-year bond was losing 11/32, yielding 4.86%. The dollar was little changed against most other major currencies.

The market is anticipating a correction yet the correction is not likely to be more than 5 to 7%. The liquidity is good but not the liquidation. The trend is up but it is aging. Depends on different investors, each minor correction could be the golden opportunity for them to dive in. Investors can actively make trades during this period of time, especially when a correction fits the temperament of his or her portfolio. If a stock, which has been performing well, is off at some point due a market correction, investors probably should not hesitate to weigh in more, especially when the stock has a bright potential ahead. Even if you bought the stock at a much lower price compared to what is after the market correction, looking at the stock's current point and forward potential to make active trades would probably be a better strategy for the investors.

Crossing out the catalysts that usually move the markets but fail to do so such as benign inflation, cheap oil prices, or an honest and open Federal Reserve chairman, the upcoming earning reports are the essential market indicators. The earning reports from the leading companies of each sector are the crucial guidelines for the investors to observe the real trend in the market. Investors might want to watch closely on the following companies that will publish their earning reports next week. They are **United Tech (UTX)**, **AT&T (T)**, **F5**

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Networks (FFIV), and **Microsoft** (MSFT). For Homebuilder sector, it is **Ryland Group** (RYL). The freight transportation company is **Norfolk Southern Corp** (NSC). On the defense sector is **Lockheed Martin** (LMT).

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