

Correction Arrives May 6th, 2010

We were expecting a 10% correction, but not in one day! Although the market fell 1,000 points at one point (some of the trades at this time may be rescinded) it did recover. We still expect there will be a test of the intraday low around 9900-10000 before the correction is over. It is not out of the question that we could fall to 9000 by October. At that point stocks may indeed be OK to Buy again. VL MAP at 45% was indeed a warning signal.

Our cash position shielded us a bit, but we have still taken a hit. Transocean has of course been extremely weak because of the oil spill, but the outlook for spill containment may be improving.

Our full May issue, due out before the end of the month, will have detailed analysis of the economic outlook and portfolio stocks, and a strategy update.

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