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## Monthly Update

2004, Vol. 11, Year 10 NOVEMBER 2004

### Tech Again

Lower oil prices, weaker/lower U.S. dollar, a Bush re-election, and end of year tax spending are pushing technology stock prices higher. And about time. This year has been a cyclical up and down market with leadership changing quickly. An obvious exception to this behavior has been the oil and oil services. Now that oil supply appears more certain and China is slowing down its growth engine, there is less oil demand and we think oil related stocks are going lower.

There are signs that large institutions are finally starting to invest in equities. These signs include: rising bond yields, rising Dow prices, and increases in many of the broader indexes. Our timing models, summarized on this page, are bullish for the S&P500, NDX, gold, and remain bearish on 10-year bond yields.

President-to-be E. Spitzer is still going after bribery in the insurance and brokerage communities. Do you know why your insurance or stockbroker agents are recommending certain products?

Our HVI absolute rankings are quite different now than they have been all year. They clearly show a much stronger, momentum type of market, led by technology. We believe that new money, previously deployed in bonds, is finding its way into equities. Gold will continue up as long as the U.S. dollar goes down. This should be for quite a while since our trade policy pushes our dollar lower.

Because the markets can turn quickly, be ready. May the market be with you. (November 12, 2004)