

With most major indices slumped, current tensions in the Middle East and rising oil price have caused massive selling in the market. Since mid-June, short selling has been intensive especially in the high beta sectors such as technology and emerging markets. For the week, Dow lost 3.17%, S&P 500 dropped 2.31% and Nasdaq fell 4.35%. It was the worst weekly decline for stocks since mid-April of last year.

Moreover, it is too late to short-sell for the market in general even though the market might still go down a little bit more. This is the time to cherry-pick in your portfolio. Look for the stocks that are in good positions to be picked up from various sectors. Even though commodity and energy sectors have been the crowd favorite lately, investors should look for bargains in other sectors as well. Examples would be stocks that have been performing well in the past and have not fallen too much relative to the overall market. Investors should buy those and sell them to secure profits once the market rebounds.

As bearish signs seem to be coming out during this earning season, the best way to invest and manage your portfolio is to stay conservative and hold as much cash as possible. Carefully select those undervalued stocks when the market drops. This brings investors to a better buying level and then they can take profit later when the market turns around.

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