

Over the long weekend, as British sailors were released from being held hostage by Iran, the selling pressure was lifted from investors' shoulders. Oil was down 10 cents to close at \$64.28 a barrel. Meanwhile, a strong employment report Friday supported the notion that the economy is on a healthy note. Nearly 2.40 billion shares changed hands on the **New York Stock Exchange**. For the week, the **Dow** gained 1.7% and finished at 12,560.20. The **S&P 500** was up 1.6% to 1443.76 and the **Nasdaq** climbed 2.1% and closed at 2471.34. Treasuries lost ground following the payroll release. The 10-year note was down 6/32 in price to yield 4.68%.

As of April 9, 2007

Compared to the disappointing housing data a couple weeks ago, the better-than-expected numbers from the Labor Department of 180,000 workers who joined payrolls in March indicate other possible directions for investors. The key questions is where we are standing and to which direction we are heading. Whether the market is going to be bullish or bearish, M&A activities are still pumping money into the market. The market's P/E ratio is relatively low at around 15-18. In the absence of other driving force other than liquidity, investors should watch news, reports, and any other possible triggers to the market like a hawk. Choppy trades of more than 100 points up and down occur occasionally. The timing may not be good for investors who do not trade regularly to join this roller coaster. However, when there is an across the sectors plunge, it could be a golden opportunity to nibble some quality stocks

Waiting for a big drop might not be the only strategy that investors can utilize during this volatile period. Buy-on-dip (BOD) or buy-on-deep dips (BODD) according to different stocks could be another way to invest at this point. Investors can pick some stocks that they have followed a year or two and base their judgment on the company's management and potential development. Set up a range bound based on that particular stock's historical performance. Once the price falls beyond what the investor deems the lower bound or the lowest bound, they can buy some proportion of them and hold them as a call in their portfolio.

Besides buy-on-dip and holding some good stocks on your portfolio, investors can probably keep about 15% of your portfolio for speculation purpose especially for the intraday swings. Examples would be the stock like **Dendreon Corp** (DNDN). This biotech company's stock price jumped more than 200% in a day or two (from \$6 to \$18) after FDA approved one of their developments on prostate cancer. Nevertheless, this is good for emotional trade only. Investors should lock in the profit right way.

The Technology sector is probably better not to be touched until the forth quarter around September. However, there are some exceptions such as **Apple** (APPL)

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and **Akamai Technologies Inc. (AKAM)**. With its new product i-TV coming out soon, Apple stock price might have the potential to grow. Investors shouldn't chase it but buy-on-dip at around \$90-\$91. The continuous breakthroughs and buyers turning to online media increase the use of video signal transmission. Akamai Technologies is a company that provides a distributed computing platform for global internet content caching and application delivery that sustains the increasingly rising level of data traffic. Its rich profits are benefited from the Web's plumbing. If the price drops to \$47, investors could buy some in and sell it at around \$55.

On the commodity area, companies like **Freeport-McMoRan Copper & Gold (FCX)**, **Allegheny Technologies (ATI)**, **Haynes Intl (HAYN)**, **Yamana Gold (AUY)**, and **Goldcorp (GG)** can also be marked on the BOD's list. Analysts' pricing analysis on Freeport-McMoRan Copper & Gold's buyout of Phelps Dodge, which was a much bigger company, might indicate a \$10 gap. When the price range falls around \$62 to \$63, it can be a good opportunity to invest the stock. As for Allegheny Technologies and Haynes Intl, the companies that manufacture high-performance metals for aerospace and the chemical process, and oil and gas industries can probably be good picks for BOD, especially when Haynes Intl is at around \$69. Gold is always the favor when the market is volatile and uncertain. Yamana Gold and Goldcorp are two good examples. Oil services can also buy some on the deep such as **Halliburton (HAL)**. Halliburton's spin-off of its controversial consulting company, **KBR (KBR)** will give the stock price more room to go up.

The communication sector is still doing pretty well, especially **AT&T (T)** and **Quest (Q)** which has recently taken over a \$20 billion project from the government. **Comcast (CMSCA)** is also looking bright.

While various infrastructure constructions are under going in the south after Katrina, some constructions companies such as **Martin Marietta Materials Inc (MLM)** might have a lot of potentials.

Some other stocks that can also be on investor's BOD list would be **Amgen (AMGN)**, **Goldman Sachs Group (GS)**, **NYSE Group (NYSE)**, **Altria (MO)**, and **Toyota Motor (TM)**. Since most of the M&A activities are firing up among the mid-cap companies, mid caps have outpaced large and small caps. Investors who are interested can probably start with the ETF, **MidCap SPDRs (MDY)**.

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