

INVESTMENT FORUM AGENDA FOR OCTOBER 19, 2011, 11:45AM

The Week That Was. The S&P was up 6% last week, and up 14% since the midday low on Tuesday, 10/4. And volatility is down. Wow. Is this a "dead cat bounce?" Mr. Bear stirred two weeks ago. Has he gone back into hibernation or is he about to wake up?

After last week's preliminaries, we are now seriously in earning's season.

Don Cassidy Presentation. This week we will have our second Don Cassidy webcast presentation, on investing for income. Don will talk about preferred stocks, bonds, MLPs, REITS, Closed-End Funds, and utilities. He will also talk about yield trends, rather than amount, and actions to take with inflation or deflation.

This week's presentation should be closer to most of our "comfort zones," compared to last week's presentation featuring selling (shorting) naked call options, and which intended to challenge us and stretch our viewpoints. I have asked Don to fill in some gaps from last week's session.

A word about presentations by non-Forum Members. Most names come from Forum Member recommendations, and have solid credentials. As we always caution, members must perform their own due diligence on an investment or strategy discussed at the Forum, in light of their own investment objectives, risk tolerances, and understanding of the investment or strategy. I am interested in and want to learn about what hedge funds, day traders, and high-frequency traders and similar market players are doing, because they are impacting the market and the value of my investments, even though I would never consider doing what they are doing.

Bank Stocks on Sale (continued. . .) Another article about cheap bank stocks. This one from Barrons, which seems to have a better track record (although by no means perfect) compared to other widely-read periodicals. Barrons points out that the financial sector is down 20% this year (the S&P is nearly even) and big names like Bank of America (BAC), Citicorp (C), Goldman Sachs (GS), and Morgan Stanley (MS) are all down over 40%. The article states that many bank stocks could appreciate 50% by year-end 2012, and lists JP Morgan, Citi, Goldman, Morgan Stanley, regionals Suntrust, Comerica, and Fifth Third, and insurance companies Prudential and MetLife. (I note that Bank of America is not on that upside list.)

The same issue of Barrons also talks about beaten down European banks. It favors non Euro-zone banks as being undervalued, and names Barclays (BCS), Lloyds (LYG), Royal Bank of Scotland (RBS), Poland's Pekaio (PEO.Poland), and Russia's OAO Sberbank (SBER.Russia).

The 10-Year T. The yield on 10-year T hit 2.221% on Friday, up from 1.672% in September. That .549% increase is significant, especially coming during "Operation Twist," which was supposed to lower long term rates. And junk bond yields have increased sharply since August. What does that mean? Beats me.

Forum Member Buys and Sells. Reported last week.

Buys: Huntsman Corporation (HUN)

Shell Oil (RDSA)

PNC Bank (PNC)

Thinking about selling: Chevron (CVX) Chevron was listed as a "thinking about buying" two weeks ago. How about we put the thinking about selling Forum Member together with the thinking about buying Member?

Margin Call. No, not the words feared by investors. A new flick, opening 10/21, about an investment bank that bets wrong on mortgage-backed securities. Starring Kevin Spacey and Demi Moore. Kevin Spacey - yup, I can picture him. But Demi Moore?? That's a stretch.

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