

Investment Forum Program for Wednesday, October 25, 2006 at 11:30

Perspective: The headlines tell us that the Dow Jones Industrial Average has risen above 12,000 for the first time. So, what's really going on behind the headlines? Perhaps less than the news might suggest. Several months ago, when the broad market averages were near their lows of the year, individual investors were selling domestic stocks and investing overseas, where markets have been rising for several years. But, during that same period, U.S. companies were buying back their own shares in massive amounts. Now that domestic stocks are making new highs, individual investors are beginning to buy at home. According to one professional investor, "Individuals invest with their hands on the steering wheel, their foot on the gas pedal, and their eyes in the rear view mirror." The same professional opines that "The end of the rally will come when companies decide to stop buying and start selling their own shares."

Sector Discussion: The growing complexities of investing in Big Oil: Major concerns include (1) the future outlook for the commodity price of oil, (2) questions regarding the longevity of global recoverable reserves, (3) hostile foreign governments and (4) the performance of national oil companies.

Stock Talk: Last week, one member said that investing in popular stocks made him feel uneasy. So, let's consider an unpopular stock that relates to the topic above, namely ConocoPhillips (COP). Another member expressed interest in BB&T (BBT). Other members raised the subject of UPS (UPS) and FedEx (FDX). Finally, GlaxoSmithKline (GSK), the British pharmaceutical company, produces an outstanding return on shareholder equity and offers a fairly generous dividend by current standards.

Mutual Funds: Mairs & Power Growth Fund (MPGFX) and Mairs & Power Balanced Fund (MAPOX)