

TOM CROOKER INVESTMENT FORUM FOR WEDNESDAY, MAY 2, 2012, 11:45 AM

The Forum will meet at 11:45 AM through May 9. We will begin meeting at 10:00 AM on May 16.

The Summer session will meet June 20 to June 27, and July 11 to July 25 at 11:45 AM

The Week that Was. The market had its second up week, with the S&P gaining 1.80%; the DOW up 1.53% and the NASDAQ up 2.29%. My question: did the 4.3% dip in the S&P in the first two weeks of April, qualify as a correction? If it did, then the strong rally since last October had its needed pullback. If it did not, then a correction is still out there, waiting for us. And will we repeat the market performance of 2010 and 2011, when a strong first quarter was followed by corrections in the second and third quarters?

First quarter corporate profits are coming in strong; GDP and jobs growth are tepid; Spain is staggering, but housing inventories are lower. "Green shoots" in the housing market???

The 10-year T yield dropped to 1.93%. All you bond bears will be right, someday. Perhaps even in our lifetimes!

Gloria Loew on Moving Averages. Several Forum members attended a recent AAI seminar that featured Tim Strauts, from Morningstar, who discussed moving in and out of the stock market based on buying or selling when current prices cross the one-year moving average. A former Forum member was committed to this strategy, to his advantage during the 2008-2009 bear market. There are many versions of this strategy, which are intended to avoid much of the losses in a bear market, but will also miss early gains from a bull market. Do these strategies produce overall positive results compared with staying in the market and riding it all the way down and back up? Gloria Loew will discuss this strategy, and if there is interest in it, other versions of it and in more depth at later dates.

Ed Swoboda on Chesapeake Energy (CHK.)

Maury Cralle on Retired Pay and Asset Allocations.

Future Forum Topic. I will do a series on investing in mortgages via Mortgage Backed Securities (MBS) and funds that invest in MBS. MBS have a higher yield than comparable bond investments, but also have an important difference. An "imbedded call," which is the right of mortgage borrowers to prepay their mortgages at any time without paying penalty. Each of these sessions will last no longer than 15 minutes; I have no illusions about this topic and its ability to make one fall asleep!

Forum Member Buys and Sells. No list was made last week. We will start it again this week, with buys and sell from the last two weeks. I would still like to find a way to discuss buy and sell decisions, that respect your privacy.

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