5T Wealth MANAGEMENT
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Ellumination Newsletter

Trading Range?

July 15, 2009

One week ago the charts of all stock markets, oil, gold and most commodities looked like they were ready to break sharply lower. We were bracing ourselves for another big run down in all these markets. Then Goldman Sachs reported huge earnings and Intel "beat the street" and we are off to the races again. Everything is moving up.

But before anyone gets too excited we must point out that we have been here many times before. CNBC reported this morning that the S&P 500 stood at 900 in 1997 and that the cost of a share of Intel was $18.00.

Yesterday the S&P 500 stood at 900 and a share of Intel cost $18.00. Yes you read that right. Twelve years later we are still at about the same place.

This morning Chris Laudani filed the following report on RealMoney.com:

"I hate to rain on the Intel (INTC) parade, but isn't the fabulous guidance mostly related to inventory build? In the second quarter, inventory was down 14% year over year. The last time Intel had drawn down second-quarter inventory this low was in 2005.

In FY 2005, Intel reported $38.8 billion in revenue and $12.0 billion in operating profit. Last night, when I last looked at First Call -- before all the analysts updated their models -- the consensus had an FY09 estimate of $30.6 billion in revenue and $4.2 billion in operating profit.

Intel was more profitable in 2003. In 2003, Intel had $30.1 billion in revenue and $7.5 billion in operating profit.

Intel has got a deep hole to climb out of before it becomes a growth company once again."

Our take is that the demise of the markets has been postponed and that we are very likely to spend the summer locked in a fairly narrow trading range for all markets. There aren't enough "green shoots" to take markets up much. There isn't enough bad news to take them down a lot-or so it seems today.

Look for trading ranges to narrow, pending further news.

Might as well be watching paint dry. Or, maybe it's time to take your summer vacation.

All the best,

Paul

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Disclosure and Disclaimer - Updated last on August 13, 2007 by Paul Krsek:
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5T WEALTH MANAGEMENT manages accounts with various histories and investment objectives. Various accounts may be managed differently from time to time.

Krsek makes frequent reference to the model portfolios called Hatteras, Mendocino, Halifax, Bonavista, Fresnel and The New World. During 2005 Paul Krsek was appointed Chief Investment Officer of 5T WEALTH MANAGEMENT, and as such is responsible to make all trading and management decisions for all client accounts which are being managed according to a specific portfolio model. A description of each of our models can be found on our website at http://www.kaassets.com/choices.htm.

Not all accounts managed by 5T WEALTH MANAGEMENT are "modeled" accounts. We strongly urge our clients to understand which model, if any, are being used to manage their accounts.

As of July 3, 2007 Lee O'Dwyer joined 5T WEALTH MANAGEMENT as a portfolio manager. Paul Krsek and Lee O'Dwyer frequently discuss investment ideas, model portfolio strategies and the investment policies of 5T WEALTH MANAGEMENT. But when it comes to the implementation of those polices Krsek is primarily responsible to manage the accounts that fit into each model portfolio description. He generally makes all final investment and trading decisions relative to those accounts that are considered to be "modeled." However, in Krsek's absence O'Dwyer does have the authority to trade all client accounts. He has been actively trading accounts in the various models since joining 5T WEALTH MANAGEMENT.

From time to time 5T WEALTH MANAGEMENT receives requests from clients to purchase securities that are not included in the model portfolio to which they are assigned. Effective May 24, 2006, 5T WEALTH MANAGEMENT has encouraged clients to hold such securities in a separate account for the client. Because 5T WEALTH MANAGEMENT is a "fee only" registered investment advisor" it charges its normal management fee for monitoring such securities in the separate accounts in which they are held.

5T WEALTH MANAGEMENT makes every effort to exclude securities that are 'requested by the client' from the modeled portfolio accounts.

The investment objectives of various accounts and models may be substantially different from one another. Therefore topics or investments mentioned in E-Ellumination may or may not apply to specific managed accounts and/or models.

Trades or adjustments to accounts mentioned in ELLUMINATION may or may not happen in every account managed by portfolio managers at 5T WEALTH MANAGEMENT.

If you are not satisfied with the investment results in your account it is your responsibility to inform Krsek or O'Dwyer and to discuss possible changes that can be made to the account to accommodate and satisfy your needs.

The assets held in managed accounts at 5T WEALTH MANAGEMENT may include stocks, bonds, cash, commodities, foreign exchange or mutual funds or exchange traded funds (ETF's), money market accounts or limited partnerships that represent the same. They are subject to market fluctuation and the potential for losses. The assets are not insured. The value and income produced by these investment products may fluctuate, so that an investor may get back less than they initially invested.

The portfolio managers at 5T WEALTH MANAGEMENT do not guarantee results.

Past performance should not be considered an indicator of potential future performance. If you do not consider yourself suitable, either emotionally or financially, to experience volatility and/or losses in financial markets, you should not invest.

From time to time Krsek lists the simple annual returns of the six model accounts in this newsletter. These accounts are "models" and do not represent the actual results accruing to individual accounts. Simple annual return does not represent "time weighted return" as reported individually to clients in their quarterly reports prepared using Centerpiece.

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