



Frenkly Speaking

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“After its short-term decline, we expect the Dow to stage a final rally to 14,050 by late May. This rally will mark the final high of the rally that began in July of 1932 and a 75-year cycle high.”

Quite Frenkly *Our Best Ideas of the Week*

1. Last week’s close below 12,600 has confirmed our forecast that **the stock market was making a short-term top at Dow 12,700 and SPX 1450**. We believe the sell off to Dow 12,050 and SPX 1380 by March 9 is now underway.

Trade: Maintain short positions in the stock market for this tradable 5% correction, then re-establish long positions for a major move to the upside. For more specific trades, see stock market below.

2. Last week’s trading above 60.00 confirmed our forecast that **Light Crude Oil bottomed on 1/18 at 50.00 and will now rally steadily until it reaches our final upside target of 80.50 by late August**.

Trade: Buy light crude oil and Energy stocks now and sell when light crude nears 80.50. Take profits along the way up at the following resistance levels: 60.00, 64.50, 70.50, 74.50, and 78.50. For more specific trades see light crude oil below

3. Last week’s **11-point plunge in the HGX confirmed our forecast that its upward correction had topped and it should decline to 150 by late August**. Trade: Maintain short positions or see real estate below.

Stock Market

Dow Jones Industrials - 2/9 Close: 12,580.83



Short-Term Outlook

- The Dow has topped 2/7 at just over 12,700 and should now decline to 12,030 by March 9.
- Trade: Maintain short March 12100 CBOT Dow 10 Futures Call at
Please see *Stock Market* on page 3

Bond Market

Ten-Year Notes - 2/9 Close 106.32 or 4.784%



"We believe ten-year interest rates will rise to 6.50% by late August 2007."

Intermediate-Term Outlook

- We believe ten-year interest rates will rise to 6.50% by late August 2007. TNote prices will correspondingly decline from 106.32 to approx. 91.00.
- Trade: Buy Sep CME TP 107 Put at 1.22. Sell Sep CME 104 Put at .19, net debit 1.03. Reverse both positions when TP future declines below 100.00.

Short-Term Interest Rates - 2/9 Close at 94.75 or 5.25%

Intermediate-Term Outlook

- We believe short-term interest rates will rise to 6.00% by late August 2007.
- Trade: Buy Jul CBOT Fed Funds Futures 95.00 Call at .0010. Sell Jul CBOT 94.75 Call at .0045, net credit .0035. Reverse both positions when Jul Fed Funds Future declines to 94.25.



IRX Daily.

US Dollar

US Dollar Index_2/9 Close 84.88



Intermediate-Term Outlook

- We believe the US Dollar Index will rise to 93.50 - 94.00 by late August 2007.
- Trade: Maintain long March NYBOT USD 84 Call at 1.08, short March 86 Call at .17, net debit of 0.91. Reverse both positions when USD nears above target.

Euro - 2/9 Close 1.3016

Intermediate-Term Outlook



Euro Daily.

Stock Market from page 2

617.50, long March 12600 Call at 207.50, net credit of 410.
Reverse both positions when Dow decline nears the above target.

Intermediate-Term Outlook

- After its short-term decline, we expect the Dow to stage a final rally to 14,050 by late May. **This rally will mark the final high of the rally that began in July of 1932 and a 75-year cycle high.**

SPX - 2/9 Close 1438.06

Short-Term Outlook

- The SPX topped 2/7 at 1452.99 and should now decline to 1380 by March 9.
- Trade: Maintain short March CBOE SPX 1400 Call (SXZCT) at 57.50, long March 1440 Call (SXZCH) at 26.40, net credit of 31.10. Reverse both positions when SPX nears above target.



SPX Daily.

Intermediate-Term Outlook

- After its short-term decline, we expect the SPX to stage a final rally to 1580 by late May.

NYA - 2/9 Close 9291.65

Short-Term Outlook

- The NYA topped 2/7 at 9371.86 and should now decline to 8880 by March 9.
- Trade: Maintain short March NYBOT NYA 9300 Call at 57.50, long March 1440 Call at 26.40, net credit of 31.10. Reverse both positions when NYA nears above target.



NYA Daily.

Intermediate-Term Outlook

- After its short-term decline, we expect the NYA to stage a final rally to 11,234 by late May.

OEX - 2/9 Close 663.18

Short-Term Outlook

- The OEX topped 2/7 at 670.65 and should now decline to 640 by March 9.
- Trade: Maintain short March CBOE OEX 640 Call (OEYCH) at 31.00, long March 660 Call (OEYCL) at 15.50, net credit of 15.50. Reverse both positions when OEX nears above target.



OEX Daily.

Intermediate-Term Outlook

- After its short-term decline, we expect the SPX to stage a final rally to 745 by late May.

NASDAQ - 2/9 Close 2459.82

Short-Term Outlook

- NASDAQ reached our short-term target of 2512 on 1/16/07. It made a secondary peak 2/9 at 2496.20 and should now decline to 2390 by March 9.
- Trade: Maintain short March CBOE QQQQ 43 Call (QQQCQ) at 1.80, long March 44 Call (QQQCR) at 1.15, net credit of 0.65. Reverse both positions when QQQQ nears 43.



NASDAQ Daily.

Stock Market from page 3

Intermediate-Term Outlook

- After its short-term decline, we expect NASDAQ to stage a final rally to 2840 by late May.

Dow Jones Transports - 2/9 Close 4919.45

- The fact that it made an historic high 2/2 at 5032.03 is extremely significant and key to the overall stock market. Usually leads the overall market by 1-9 months.

Short-Term Outlook

- TRAN did not reach our short-term target of 5112. We now believe it topped 2/2 and should now decline to 4650 by March 9.

Dow Jones Transports - Continued

- Trade: Maintain short March CBOE IYT 85 Call (IYTQ) at 5.60, long March 90 Call (IYTCL) at 2.40, net credit of 3.20. Reverse both positions when IYT nears 82.

Intermediate-Term Outlook

- After its short-term decline, we expect the TRAN to stage a final rally to 5583 by late May.

Sector Analysis

Strongest Groups (Last 6 Months)

- Transportation - Airline, Auto/Truck - Tires & Misc., Media - Periodicals, Commercial Services - Healthcare, Leisure-Gaming/Equipment.

Weakest Groups (Last 6 Months)

- Oil & Gas-Canadian Exploration & Production, Oil & Gas-Canadian Integrated, Oil & Gas-US Royalty Trusts, Electronics-Contract Manufacturing, Food-Flour & Grain.

Intermediate-term Outlook

- We expect the same groups to lead and lag over the next six months.
- Paired trade: Buy The9 Ltd. (NCTY). Sell Jabil Circuit (JBL).

Commodity Prices
CCI Index - 2/9 Close 398.30



TRAN Daily.



NCTY Daily.



JBL Daily.



Intermediate-Term Outlook

- We believe the CCI Index will rise to 500-540 by late August. A close above 410 will confirm this forecast.
- Trade: Maintain long Aug NYBOT CCI 404 Call at 13.60, short Aug 412 Call at 10.20, net debit 3.40. Reverse both positions when CCI reaches 450.

Gold

Gold - 2/9 Close 661.20

Short-Term Outlook

- Last week's rally makes it likely that gold will first rise to 680-685 over the next two weeks before declining to \$570.00/oz by late May 2007.
- Trade: Maintain long Jun CBOT Gold 650 Call, short Jun 600, for net credit. Reverse both positions when gold declines below \$600.00.

Intermediate-Term Outlook

- After bottoming by late May, we believe gold will rise to \$800 by late August 2007.

US Dollar from page 2

- We believe the Euro will decline to 114.00 by late August 2007.
- Trade: Maintain long Sep PHLX Euro 1.30 Call (XDEIN) at 2.90, short Sep 1.26 Call at 5.40, net credit 2.50. Reverse both positions when the Euro declines below 118.

Yen - 2/9 Close .8225

Intermediate-Term Outlook

- We believe the Yen will decline to .70 by late August 2007.
- Trade: Maintain long Jun CME Yen .8750 Call at 4.50, short Jun .8350 Call at 168.00, net credit 163.50. Reverse both positions when Jun Yen Future declines below .8000.



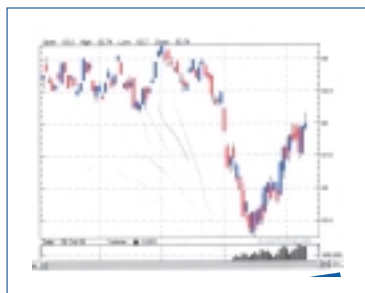
Gold Daily



Yen Daily

Light Crude Oil

Light Crude Oil - 2/9 close 59.89 (March)



Intermediate-Term Outlook

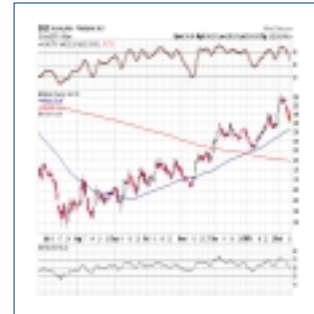
- Last week's trading above 60.00 confirmed our forecast that light crude oil bottomed at 49.90 on 1/18. We continue to expect light crude oil to rally to a final high of 80.50 by late August 2007.
- Trade: Maintain long Aug NYMEX Light Crude Oil Future 58 Call at 7.57, short Aug 63 Call at 4.98, net debit 2.59. Reverse both positions when August Light Crude Oil Future exceeds 64.

“After bottoming in late April, we believe gold will rise to \$800 by late August 2007.”

Real Estate

*May CME Composite Housing Future - 2/9
Close 219.00 or HGX Close 243.64*

- Last week's 11-point plunge confirmed our forecast that the HGX has just completed a corrective rally from its July 2006 low and will now resume its downtrend to 150 by late August.
- Trade: Maintain long Sep CBOE HGX 260 Call at 19.20, short Sep 230 Call at 38.20, net credit 19.00. Reverse both positions when HGX Index declines below 200.



HGX Daily.

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Our Methodology

The tools we use to analyze the various markets are a combination of Elliott Wave Theory, Gann Theory, cyclical analysis and classical charting methods. Cycles are useful in identifying potential trend changes: Gann Theory in estimating long-term price targets and Elliott Wave Theory in determining where in the cycle the market is and what are reasonable short-term targets that can be extrapolated from the cycle. Classical charting methods are used primarily as a "check" to confirm data stemming from all of the above.

**YOUR LOGO
HERE**