

RealMoneySilver

RealMoney Silver - The Edge

Scott Rothbort, founder and president of LakeView Asset Management, LLC, is filling in for Doug Kass today. Email Rothbort at scott.rothbort@thestreet.com. Doug will return on Tuesday, Dec. 4.

November Pain

Scott Rothbort

11/30/07 9:20 AM EST

Normally the strongest month for the **S&P 500**, November, with one trading day left to go, has delivered the worst return of any month this year (-5.14%). So, unless we rally more than 2%, November 2007 will go down as the worst performing month of the year.

From 1950 through 2006, the S&P 500 has declined 18 times in the month of November, with an average decline of 3.03%. On 16 of those 18 occasions the index has advanced in the month of December. For those 18 occurrences, it rose an average of 2.91%.

Below is a matrix of the data for the 18 November/December pairs.

S&P 500 Historical November and December Returns

Year	November	December
1950	-0.10%	4.72%
1951	-0.26%	3.89%
1956	-1.10%	3.53%
1963	-1.05%	2.44%
1964	-0.52%	0.39%
1965	-0.88%	0.90%
1969	-3.41%	-1.87%
1971	-0.25%	8.62%
1973	-11.39%	1.66%
1974	-5.32%	-2.02%
1976	-0.78%	5.25%
1984	-1.51%	2.24%
1987	-8.53%	7.29%
1988	-1.89%	1.47%
1991	-4.39%	11.16%
1993	-1.29%	1.01%
1994	-3.95%	1.23%
2000	-8.01%	0.41%
Average	-3.03%	2.91%

Is this a harbinger of things to come?

We Need a Quicker Turnaround on FOMC Minutes

Scott Rothbort

11/30/07 10:10 AM EST

Fed

Chief Ben Bernanke spoke. He tells us that he does get it. I think he always did get it, but communication skills are not

his forte. Now, he is finally expressing his thoughts rather than letting some rogue Fed Presidents blabber to the contrary. We now know he is in control.

Next, Bernanke needs to do something of greater importance in terms of communication and transparency. The FOMC meeting minutes need to be published on a timely basis. Waiting three weeks for the meeting minutes to be disseminated is hurting the credibility of the FOMC and is doing damage to the financial markets.

If we can get court testimony or corporate earnings call transcripts on a quick turnaround, then the FOMC can issue its minutes a day or two after the meeting. This would provide us with a fresh look at the FOMC members' thoughts and eliminate the three weeks of uncertainty and volatility until the minutes get released.

Back to the Maginot Line

Scott Rothbort

11/30/07 11:05 AM EST

For the umpteenth time this year, we are back to the Maginot line of 1,488/1,490 on the **S&P 500**. This is the area where the bulls and bears have fought many viscous battles this year and is the point at which the index is up about 5% on the year.

This marks the sixth time this year that we crossed the Maginot line. At this juncture, it is the level of resistance for the S&P 500. At that level, the index has generated a price return of 5%. While the gain is nice, it is underperforming its historical average. On the other hand, this is not necessarily a conquest for the bears.

In other words, both camps will claim victory while coming away bloody and bruised. In my scorecard, the winners during this year's conflict have been the traders and the strong longs, while the losers have been the panic (weak) longs and the permabears.

Tech Taken Down by Piper Jaffrey Comments on RIMM

Scott Rothbort

11/30/07 12:10 PM EST

Piper Jaffray comments on **Research In Motion** (RIMM) are dragging the entire tech sector lower. **Google** (GOOG) and **Apple** (AAPL) are turning tail with RIMM.

Bob Faulkner had some excellent [comments](#) on Columnist Conversation regarding the Piper Jaffray channel checks. All it will take is some other analyst comment refuting the Piper channel checks to take these names right back up.

Other than those names, we have a strong market led by financials and retails. Perhaps the Piper remarks were nothing more than a convenient excuse to book tech profits and reallocate capital to some beaten down sectors.

Position: *Long RIMM, GOOG and AAPL*

Some Good Restaurant Opportunities

Scott Rothbort

11/30/07 1:59 PM EST

I was asked if it is time to get back into restaurants. Unless you have **McDonald's** (MCD), the short answer is no. However, 2008 could be a turnaround year for the sector. I am looking for opportunities. One on my radar screen is **IHOP** (IHP), which now that the Applebee's acquisition is completed could yield some upside.

Position: *Long MCD*

Worst-Managed Company Stocks

Scott Rothbort

11/30/07 2:33 PM EST

Every single one of the stocks on my 2007 worst-managed companies list is down since I inducted those ne'er-do-wells into that [dubious brotherhood](#). My biggest mistake was not shorting the whole bunch as a basket. Maybe I will do that in 2008.

I am looking for other short ideas, particularly companies that have not come back in the market rebound. One may be forthcoming.

Position: *none*

Shorted Tempur-Pedic for a Trade

Scott Rothbort

11/30/07 3:02 PM EST

Position: *Short TPX*

A Solid Close Amid Profit-Taking and Tech Slump

Scott Rothbort

11/30/07 4:13 PM EST

An overly euphoric opening caught a case of profit-taking as the high-flying techs led us lower over the course of the day. An attempt to push us lower (with the exception of techs) was thwarted, however, and we closed on a solid note.

We terminated this year's ugly month of November after some of the best action we have seen in several years. The big news this week was a breakdown in crude oil prices and a reassuring tone from **Fed** Chairman Bernanke and his trusty sidekick Donald Kohn.

Financials rallied strong as there were indications that the worst may be behind us for those stocks and that capital is available for those in need.

On tap next week will be the November jobs report, which could keep the markets in a stupor until the data gets released on Friday morning.

Once again, it was a pleasure to fill in for Snoop Dougie Kass who will be back on Tuesday.

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