

Monday, August 7, 2006; 7:57 AM

**Technical Assessment:
Short-Term (10-day): Bullish
Long-Term (6-mos.): Bullish**

With market technicians looking for encouragement from fundamental economic data, Friday's relatively weak jobs report sent the markets higher. Many investors interpreted the jobs number as a sign that the Fed will surely pause in its rate-hiking campaign, a development that would likely allow the markets to rally in the near term.

While the Nasdaq remains the weakest of the major indices, it has recently fought to overcome the first hurdle on its way to strengthening. As the index is nipping at its 50-day moving average, a fundamental tailwind in the form of a Fed pause could be just what the Nasdaq ordered as it tries to find its footing. That, and the fact that the S&P 500 and NYSE Composite are both above their respective 50-day and 200-day averages, is an encouraging sign. Indeed, the NASDAQ may just jump on board for fear of being left behind.

There is nothing certain about the impending Fed decision -- and while there are three sides to every story, it does not appear that the Fed will be "out of the way" any time soon. Until the economy is set to coast, the markets will keep an eye on the Fed and interest rates. Volatility seems likely, at least early in the week -- but the makings of a near-term rally seem to be in place.

Strengthening Sectors:

Financial, Consumer, Utility

Weakening Sectors:

Technology, Basic Materials, Energy

Recent Picks:

BXP, HDI, T, MOT, EXC, MRO, AAPL, OKE, SYMC, AMGN, BUD, GLGC, GM, NCX, IBM, MRK, AEA, ERTS, MO, DUK, GD, BAC, HST, IP, PEP, ETR, CPB, ISSX, JNJ, PMTR, ACC, KIM, ENN, KR, HNZ, PPG, VSH

INDEX	PRICE	SUPP	RESIS
NASD	2085	2000	2300
NYSE	8270	7300	8300
S&P 500	1279	1220	1325

Company	Ticker	Price	Support	Resistance
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Public Storage PSA 85.73 80 NM

Since the beginning of 2006, the PSA shares have spent their time between \$70 and \$85. The lone attempt to break out was thwarted in March, and the shares retreated quickly back to \$70. Friday's 2.8% gain kicked the share price over the 52-week high and into resistance-free territory.

For the second quarter, PSA reported a 19% increase in net income.

Stop-loss if the shares fall back through the 20-day moving average at \$80. Take profits in the low \$90s.

Goodyear Tire & Rubber GT 11.8 10.5 15

After a prolonged skid (from a 52-week high of \$19.31 all the way to a 52-week low of \$9.75), the GT shares appear to have found some traction. While the very near-term trend is positive (helped by better-than-expected earnings), the shares seem to have room to run before stretching valuations too far.

Since mid-July, the shares have added 21% -- with another 27% possible until resistance kicks in at \$15.

Stop-loss if the shares fall below the 20-day moving average at \$10.50. Take profits if resistance at \$15 holds.

Investing in stocks involves risks that may be exacerbated by market and/or price volatility. The stocks included in this report have exhibited recent volatility and may continue to do so in the near-term, and thus may be riskier relative to the market as a whole. Please see disclaimer on page 2.



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