Town of tides

In a rough week for stocks, it seems every bounce attempt was met with heavier sales, leaving investors with a bitter taste of the weekend's correction beckoning. The main average closed modestly up Friday, but still sharply lower since May 10, when broad market sales began. The Dow Jones Industrial Average closed down 2% for the week, and is down 4.2% since May 10, closing Friday at 11,143. The S&P 500 is down 1.3% for the week and 4.2% since May 10, closing at 1267. The Nasdaq Composite's eight-day losing streak ended Friday; rose 0.6% to 2193.88, but lost 2% this week and is down 5.4% since May 10. This week's stock market downturn can largely be attributed to rising inflation fears over waning confidence in the Federal Reserve and Chairman Ben Bernanke. This is clearly part of the financial zeitgeist at the moment, but prolonged desperation is part of a larger trend - reallocating out of risky assets and becoming safer. The decline in commodities, stocks and emerging markets contrasted with a rebound in treasuries and the dollar. Within the stock market, this is demonstrated by weakness in economically sensitive stocks such as Phelps Dodge (PD) - Get Reports and Caterpillar (CAT) - Get Reports vs. strength in recession-resistant stocks like Coca-Cola (KO) - Get Reports, Procter & Gamble (PG) – Get Reports and Colgate (CL) – Get Reports. Even Many Merck (MRK) are vilified – Get Report correlated this week after an advisory panel unanimously recommended that the FDA approve a vaccine against the virus that causes cervical cancer. This dynamic points not only to the reaction to a potentially more hawkish Fed, but also to a changing investment backdrop. The bounty hunters will probably return to the hut. There is no question that hedge funds and institutional investors such as insurance companies, pension investors and Wall Street homes will have conversations with their risk management officers this week, said one hedge fund principal, who declined to be named. He added that his fund has positioned itself defensively this week by allocating more money to hedge funds. We have slashed our commodity-related long positions by 50% to 70%, and we have more places, he said. Many types of technicality went very short, as soon as the S&P 500 got to 1326, approaching 1330 on May 9, he said. The leadership of the 2006 rally has also shifted. Small and medium-sized stocks that took the lead in recent years and early 2006 declined ahead of large-cap indexes. The Russell 2000 and Nasdaq have fallen harder since May 10 and trailed the blue-chip average for a while, meaning on the days of rising blue-chips rose more than Russell The Nasdaq, and in the days down, they were further down. Many traders were short of nasdaq and Russell and long S&P 500 before last week, said one hedge fund manager. The Nasdaq vs. S&P 500 performance peaked in January, said John Kosar, director of Asbury Research. Tje Tje 2000 peaked this year on May 5 when it reached 781. It closed at 722 Friday, down 7.5%. The Nasdaq is also down 7.5% from its peak this year of 2370 on April 19. Rumours are also circulating that at least two major institutions are in the market relinquishing their long positions in commodities to take long positions in the Treasuries market. Market movements bear this shift to conservatism. Treasuries have increased dramatically in recent days and the yield curve is evenly distributed again. The 10-year Treasury note ended unchanged on Friday to yield 5.06%, but has been close to 5% throughout most of Friday's session. The result was 5.19% last Friday. The spread between two and 10-year Treasury yields narrowed by 6 basis points Friday as two-year Treasury yields also approached 5% from the other side. Ended at 4.964%. Higher yields in shorter Treasuries look attractive compared to higher risk assets that do not provide guaranteed returns. The S&P 500 is down 0.1% for the year and the Nasdaq is down 2.2%; The Dow is up 2.7%. Commodities, long heralded as speculative bubbles, sold out sharply throughout the week as well. Oil prices are down 5% this week, down Friday to a six-week low of $68.53 per barrel. Gold has fallen 10% from its high of $730 an ounce last week. Copper is down 12% from last week's highs, and silver is down 17% since last week's 25-year high. Money is fast moving the market, said Gail Dudack, founder of Dudack Research Group. Hedge funds have been under pressure to deliver a 30% return, and that is why copper has risen fourfold. That speculative money moves into cash. That may be true, but it's hard to quantify, and it's not as if there's a liquidity crunch out there. Dudack compared the recent decline to the decline in April 2005 when GM (GM) - Get Report was downgraded to junk and October 2005, when the Refco scam emerged. If there is a shift into cash, it will be quite a shift away from recent activity. Hedge funds certainly saw inflows in the first quarter of this year. Indeed, $27.6 billion in cash flowed to hedge funds in the first quarter of 2006, according to Tremont Capital Management's quarterly asset flow report. According to Tremont, $21.3 billion flows into emerging markets, managed futures, long/short equity and global macro strategies. One can see the dominance of hedge funds in the market from the surge in major brokerage earnings on Wall Street. Major brokers represent 29% of Goldman Sachs' (GS) - Get Report net income, 21% of Bear Stearns' (BSC) and 20% of Morgan Stanley's (MS) - Earnings Report, according to estimates by TABB Group, an advisory firm. The next quarter may show a very different story. The flow of mutual funds indicates that investors are withdrawing U.S. stocks. Domestic equity mutual funds saw $1.1 billion in cash outflows in the week ended Wednesday, according to AMG Data Services. This is the biggest outflow since the week ending December 14. Largest inflows felt by international equities and debt funds, which saw $694 million inflows in a week. This may be a smart move in the long run. While emerging markets sold out sharply this week as well, the global market is in a secular bull market, while the U.S. has just ended its cyclonic bull in the secular bear market, said Louise Yamada, of Louise Yamada Technical Research Advisors. The world was in a build-out phase like the U.S. from 1942 to 1966, when we built our industry, Yamada said. He suggested taking some advantage, but protecting positions in industrial and materials stocks, among the biggest losers this week, and American Depositary Receipts. If the tide of liquidity turns to more profitable safer assets, there should be building piles of cash. The question becomes where they'll go next week. In accordance with TSC's editorial policy, Rappaport has no or lack of individual shares. He also does not invest in hedge funds or other private investment partnerships. He appreciates your feedback. Click here to send him an email. Kevin C. Cox/Getty Images Sport/Getty Images The Crimson tide is a term coined by an Alabama reporter to describe the University of Alabama football team's brilliant defense against rival Auburn during a 1907 football game played in muddy seas. The term jammed and, to this day, the nickname of the University of Alabama football team. Before being called the Crimson Tide, the team was known as crimson white and thin red line. Soil in much of the South, including Alabama, is an orange-red clay-like substance. When it rains, its color intensifies into a reddish hue. In addition, the colors of the University of Alabama school are red and white. Hugh Roberts, a reporter for the Birmingham Age-Herald observed that the University of Alabama football team appeared to be a pink tide in a sea of mud while maintaining a 6-6 scoreline during the game. The rivalry between the University of Alabama and Auburn was so intense that the 1907 game in which Alabama earned the famous nickname was the last between the two until 1948. To this day, the Alabama Auburn game is one of the most eagerly awaited fans of both schools. Auburn University is also located in Alabama, and is known for its strong football programs. Tan Yilmaz/Moment/Getty Images Every 24 hours and 50 minutes, the Earth experiences two high tides and two ups and downs. High tides occur every 12 hours and 25 minutes. From high tide to low tide is a range of six hours and 12.5 minutes. At high tide, the water covers most of the beach; at low tide, low tide, and most beaches are located naked. Both the sun and moon are interesting on Earth; however, the moon exerts a stronger influence because it is much closer to Earth. It's called tidal power. Section who face the moon experiencing high tides – just as the opposite side of the Earth is far from the moon. The area between the tidal areas has low tides. Install. Install.