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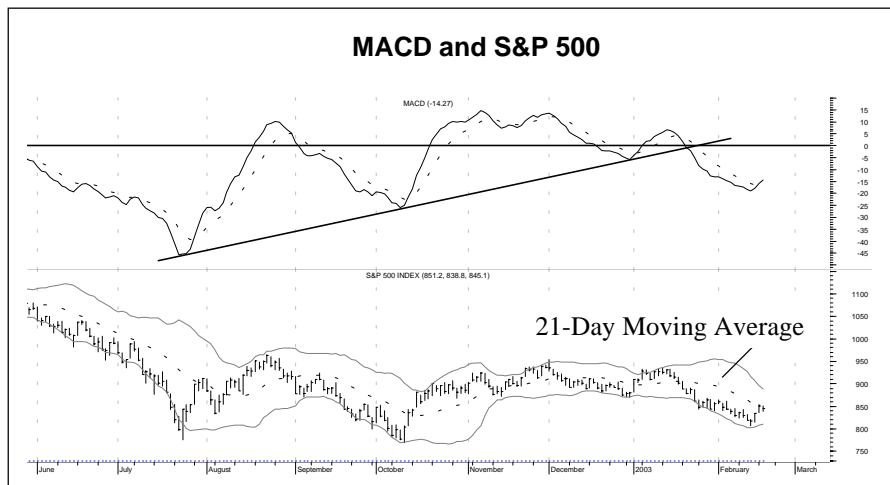
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THE BEGINNING OF SOMETHING BIG?



It's already the middle of February, and nothing has happened in the stock market since last October ... and that rally then didn't last very long. It is, indeed, a bear market. The next cyclical low should show up in mid-March, and I expect a 4-6 week bounce after that.

The move that began on February 14 may be the beginning of something, but we need more evidence. Most likely, we will see the market sell off one more time and test the February lows before mustering anything on the up side that can be sustained.

I would like to see some positive divergence at those lows as well. We will keep you posted on the Web site hotlines with charts, etc. as this develops.

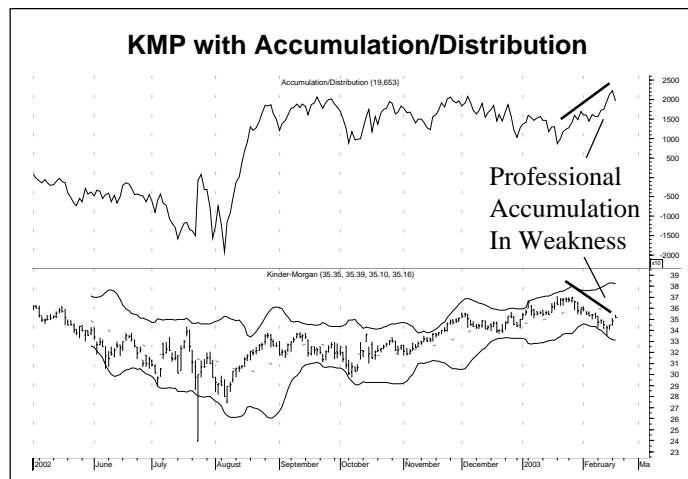
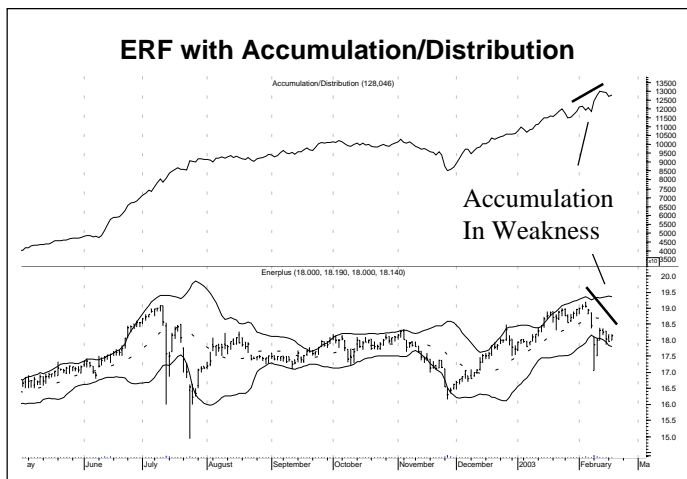
BONDS

Bonds have been running opposite the stock market lately. That is

simply due to stock traders moving out of the market at times and parking the money in bonds. They are then moving back into the market and out of bonds when they sense some upside momentum. So far, I don't believe this strategy has worked, but it has made for an unusually jumpy bond market.

I am still a long term bond bear. I recommend that you stay with shorter term instruments if you have fixed income money to invest. In the next monthly letter, I will have some comments for you on buying foreign currency CD's and how to go about that if you are interested. There seems to be solid overhead resistance at 114.00 basis March Treasuries. Bonds are fighting a losing battle with the falling dollar.

The U.S. dollar paused in its fall recently. I'm surprised that it hasn't launched a better counter-trend



rally. Maybe it will. Our Hyperion model did cover a great short on February 12 and bought the dollar long. The key level on the down side is now 98.80 March basis, where the Hyperion model will sell again.

GOLD

Gold is correcting, but that is all it amounts to. I think we saw a classic case of gold becoming overbought, and it is working that condition off. Gold is a dollar thing, and the dollar is taking a breather here. So is gold. However, longer term, gold is going to go much, much higher.

Another gold stock I've been keeping my eye on lately is **Anglogold Ltd. (AU-NYSE-\$32.00)**. This one pays a semi-annual dividend. The last payment was \$0.638, or a rate of \$1.276 per year. That is close to 4% on the stock if you buy it at \$32. Earnings have been improving, so perhaps we will see the dividend increasing in the months ahead.

The gamble here is to try and buy Anglogold cheaper while gold is backing off. I would make pilot positions at \$30.00 - say 20% of what you intend to buy - and then see if you can't accumulate more under that level. I would love to see this stock at \$26.00, but that may be too much to ask.

Our energy strategy is moving along very well. Crude oil is pushing over \$37.00, and natural gas is probing \$6.00. These can correct in the normal course of the market's fluctuations, but they are in solid, longer term up trends right now. I believe they will continue to work higher, regardless of short term movements caused by events in the Middle East.

I see there are now problems in Nigeria, which is the world's sixth largest oil producer. My advice is to buy some oil and gas in the ground.

Enerplus (ERF-NYSE-\$18.20) is a long time favorite. On the weekend of February 8-9, Martin Weiss apparently told his subscribers to sell half of their positions. Come Monday, the floodgates opened and the stock opened at \$17.06 from a previous close of \$18.44. However, that was it; and the stock immediately recovered to where it is trading now - around \$18.00.

In the January mid-month letter, I had recommended adding to your positions at \$17.00. Unless you were very quick and were willing to fudge the \$17.00 price a bit, you likely didn't get in on the fire sale. Keep those orders in. Maybe Dr. Weiss will recommend that his readers sell the other half. Note the interesting

accumulation/distribution pattern for ERF. The big kids moved in and scooped up every share on that sell recommendation.

Above is another of our recommendations with a very nice looking accumulation pattern - **Kinder Morgan MLP (KMP-NYSE-\$34.50)**. I still like this one, and you might want to pick up a little at \$34.00 or less. This is another stock like ASA, which we keep on the Hyperion list. I am going to remove it from the trading list, however, since it is better suited to buy and hold rather than trading.

Finally, a word about **Primewest Energy (PWI-NYSE-\$17.00)**. This looks a lot like Enerplus when it was first listed on the NYSE. They are essentially the same type of company in the same business. However, due to Primewest's relative obscurity, it has not been bid up as high as it will once more investors discover it with its generous monthly dividend. This is the same process Enerplus went through after its NYSE listing.

In time, the Street will see Primewest popping up on their radar screens, and awareness of the stock will grow. As it does, the stock price should be bid up until the yield falls to around 13% or 14% from the presently indicated rate of 18%.