



Patterson Relative Strength Report

The Ultimate Let Your Winners Run Strategy

Issue #2: December 2006

www.prsreport.com

Jim Patterson

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The PRS report was launched on Friday November 3, 2006. From a performance stand point, that is when it all starts. However, the system was in place and functioning long before the official launch date. With this consideration in mind, going forward, I will refer to stock selections as Pre and Post live positions and results. We have many pre-live open active positions, which provide us with a wealth of information and trading ideas. After all, all the open active positions are very strong stocks that for the most part have proven their ability to maintain their strength.

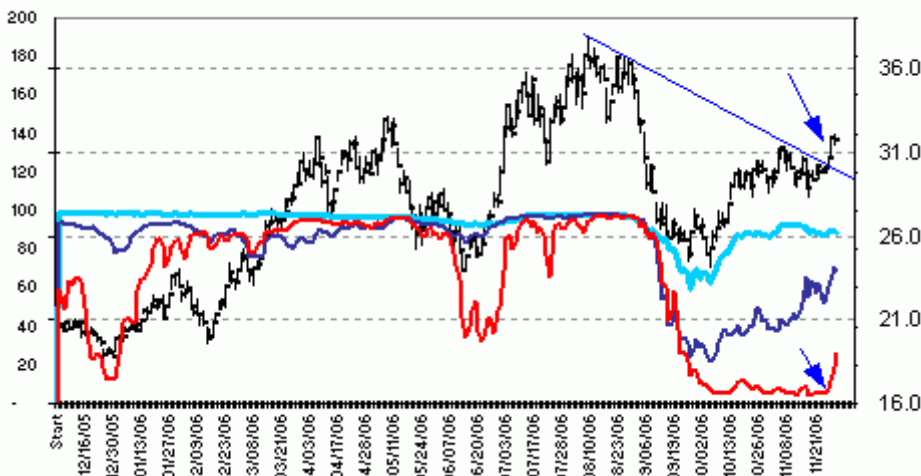
As of the end of November we have a total of 17 Post-Live stocks in the Open Active Table. All 17 remain Open Active Positions. At beginning of November we had a total of 234 pre-live Open Active Positions. Over the course of the month, 37 reached our exit criteria with an average gain of 10.5%.

Since November 13, the S&P 500 is up 1.2% and the NASD Composite has advanced 1.8%. Our Model portfolio has a 1.4% return on invested

capital, and a total portfolio return of 0.9%.

While the market's advance stalled out to a certain extent in late November, strong stocks continue to post strong results. However, as is common with the types of stocks we focus on, we saw a number of "buy the rumor / sell the news" type reactions to earnings report during November. While unsettling, this type of behavior is more common than one may expect. More often than not, these short-term setbacks are often recovered. ZUMZ, a feature stock last month, is a good example. ZUMZ gapped lower on their earnings report, but after a few weeks the strong company and stock snapped higher. See the Market Timing section for a broader market outlook.

FTO (Frontier Oil Corp) 11/30/2006 Last: 31.64 Avg Vol: 1994k



Focus Stock #1 Stock FTO, Frontier Oil Corp

Frontier Oil Corporation is an independent oil refining and marketing company with complex refineries located in Wyoming and Kansas. Frontier's primary products of gasoline and diesel are marketed in the Rocky Mountain and Plains States.

According to IBES earnings, FTO earned \$2.14 in 2005 and is expected to earn \$3.33 in 2006. In the most recent quarter FTO reported earnings of \$1.22 per share on November 7.

It should not be assumed that recommendations made will be profitable or will equal the past performance of securities discussed herein. The information herein is collected from various sources believed to be reliable but cannot be guaranteed in any way. Patterson Capital, Inc., Patterson Relative Strength Report, nor their employees or directors shall be liable in any manner for losses of any kind. The firm, its affiliates and their respective offices, directors, employees and clients may or may not have a position long or short in stocks mentioned in this publication and may from time to time increase or decrease their positions. All performance numbers presented are hypothetical and do not represent actual trading.

In November 17 stocks reach our entry criteria. These 17 positions are Post-Live positions meaning these are the first stocks that will count in our official track record

November Entries

Green = Stock in Buy Zone

Red = Stock under review, PRS_12 getting low

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	IBD EPS rank	Avg Daily Volume k	Last 11/30/06	Current PRS_12 Delta_12	Current PRS_6 Delta_6	Current PRS_3 Delta_3	% Gain /Loss	Beta
ICLR	11/28/2006	\$35.93	93	92	48	94	185	\$37.19	93, 63%	93, 38%	57, 7%	3.5%	1.35
NOVN	11/28/2006	\$23.29	93	92	14	46	401	\$23.66	92, 60%	93, 37%	15, -7%	1.6%	0.75
OMCL	11/28/2006	\$18.37	94	92	40	76	272	\$18.80	94, 68%	89, 30%	51, 6%	2.3%	1.31
TAR	11/20/2006	\$17.79	92	98	16	5	45	\$18.00	93, 61%	97, 66%	8, -13%	1.2%	1.78
ALY	11/17/2006	\$18.07	92	93	35	96	370	\$21.10	94, 67%	96, 52%	70, 12%	16.8%	3.09
HL	11/17/2006	\$6.32	93	88	37	42	1,745	\$6.97	94, 73%	89, 30%	55, 7%	10.3%	2.33
SPSX	11/17/2006	\$34.93	95	64	18	69	240	\$35.42	94, 67%	63, 11%	23, -2%	1.4%	1.33
FTO	11/16/2006	\$28.79	89	55	4	95	2,794	\$31.64	89, 46%	69, 13%	26, -1%	9.9%	0.24
TNL	11/16/2006	\$27.44	91	70	20	97	423	\$27.48	88, 43%	76, 17%	17, -5%	0.1%	0.47
MIG	11/16/2006	\$10.85	93	95	37	82	257	\$9.75	85, 37%	86, 26%	13, -8%	-10.1%	0.64
AVCI	11/9/2006	\$6.88	90	63	9	75	587	\$7.12	89, 46%	76, 17%	5, -19%	3.5%	4.51
ARD	11/9/2006	\$39.04	92	82	48	99	242	\$43.70	92, 59%	92, 35%	66, 11%	11.9%	0.88
TXCO	11/9/2006	\$12.81	96	87	48	26	419	\$13.78	97, 96%	86, 26%	81, 19%	7.6%	2.46
OCN	11/8/2006	\$15.60	94	94	35	98	522	\$15.05	92, 60%	83, 23%	23, -2%	-3.5%	2.73
CVA	11/7/2006	\$20.14	92	79	34	42	999	\$22.08	92, 56%	93, 37%	48, 5%	9.6%	6.01
STAN	11/3/2006	\$33.74	93	90	51	51	27	\$37.82	95, 79%	91, 34%	67, 11%	12.1%	0.45
DTLK	11/3/2006	\$8.57	98	94	29	75	252	\$8.13	97, 107%	91, 33%	34, 1%	-5.1%	2.36

October Entries

Green = Stock in Buy Zone

Red = Stock under review, PRS_12 getting low

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	IBD EPS rank	Avg Daily Volume k	Last 11/30/06	Current PRS_12 Delta_12	Current PRS_6 Delta_6	Current PRS_3 Delta_3	% Gain /Loss	Beta
FTI	10/25/2006	\$61.59	91	80	26	91	877	\$60.01	82, 34%	17, -11%	26, -1%	-2.6%	1.09
GRB	10/20/2006	\$15.03	94	97	23	73	208	\$13.84	83, 34%	88, 28%	8, -14%	-7.9%	0.36
Q	10/19/2006	\$8.19	95	90	38	75	19,009	\$7.69	83, 34%	39, 2%	8, -13%	-6.1%	1.77
IBCA	10/11/2006	\$41.61	95	83	27	80	56	\$34.88	75, 25%	15, -14%	6, -17%	-16.2%	1.13
ZUMZ	10/10/2006	\$32.04	95	67	29	91	576	\$30.65	89, 48%	20, -9%	95, 39%	-4.3%	2.03
GETI	10/10/2006	\$28.25	96	80	36	75	55	\$32.81	95, 82%	71, 14%	63, 9%	16.1%	1.35
FVE	10/9/2006	\$11.17	91	81	44	8	400	\$10.17	79, 29%	19, -10%	19, -4%	-9.0%	2.88
DSW	10/6/2006	\$34.09	94	78	33	96	398	\$38.30	88, 44%	88, 28%	93, 35%	12.3%	2.26
RVI	10/5/2006	\$16.92	92	86	28	21	337	\$19.03	88, 43%	86, 25%	92, 32%	12.5%	-0.1
CLB	10/4/2006	\$59.58	96	85	34	96	377	\$88.46	98, 115%	96, 51%	76, 15%	48.5%	1.91
AGP	10/3/2006	\$29.18	91	97	26	51	724	\$34.19	94, 67%	70, 14%	62, 9%	17.2%	0.88
PNK	10/3/2006	\$29.71	94	61	39	75	545	\$32.51	83, 35%	49, 5%	88, 25%	9.4%	2.62
BLKB	10/2/2006	\$23.12	93	83	61	89	334	\$25.81	88, 43%	87, 27%	65, 10%	11.6%	1.64
KBALB	10/2/2006	19.52	93	96	38	83	192	\$23.99	97, 107%	96, 54%	94, 36%	22.9%	2.25
PMTR	10/2/2006	\$3.75	99	99	41	75	551	\$3.78	98, 127%	69, 13%	28, 0%	0.8%	1.58
MWIV	9/29/2006	\$33.52	92	59	27	92	60	\$34.33	84, 36%	40, 2%	24, -2%	2.4%	-0.21
CTCI	9/29/2006	\$21.71	95	98	28	37	260	\$20.38	90, 48%	80, 21%	9, -12%	-6.1%	0.17
EZPW	9/29/2006	\$38.68	98	95	20	99	496	\$46.72	99, 169%	95, 48%	77, 16%	20.8%	4.13
LRCX	9/27/2006	\$45.31	90	70	33	99	3,591	\$52.60	84, 36%	74, 16%	88, 25%	16.1%	2.45
VLG	9/27/2006	\$26.10	91	91	30	94	14	\$26.21	80, 30%	71, 14%	6, -16%	0.4%	1.27
CHAP	9/26/2006	\$34.52	99	73	36	80	861	\$46.50	99, 214%	94, 40%	88, 24%	34.7%	1.22
BAMM	9/22/2006	\$16.72	96	97	21	95	113	\$20.98	97, 108%	92, 34%	91, 30%	25.5%	1.65
SVL	9/21/2006	\$3.70	98	89	24	70	77	\$4.04	86, 39%	25, -6%	75, 15%	9.2%	3.65
FIZ	9/20/2006	\$12.50	93	94	32	83	127	\$12.64	91, 52%	18, -11%	8, -13%	1.1%	1.36
MIKR	9/20/2006	\$13.19	97	99	33	97	154	\$15.02	98, 118%	97, 68%	77, 16%	13.9%	5.1
RNWK	9/19/2006	\$10.61	96	93	51	49	1,936	\$11.51	77, 26%	80, 20%	67, 11%	8.5%	1.02
ININ	9/18/2006	\$11.53	94	92	16	75	268	\$17.52	99, 232%	97, 69%	96, 45%	52.0%	2.47
IIG	9/18/2006	\$13.68	95	96	36	75	254	\$22.99	99, 221%	98, 82%	98, 71%	68.1%	3.54
CTRP	9/15/2006	\$49.34	91	90	39	96	408	\$55.52	95, 76%	70, 14%	53, 6%	12.5%	0.94
VOL	9/11/2006	\$34.90	93	94	23	98	326	\$46.66	97, 109%	96, 52%	66, 11%	33.7%	1.6
AUXL	9/8/2006	\$8.72	90	95	25	10	290	\$16.68	99, 172%	99, 92%	99, 92%	91.3%	3.98
IDCC	9/8/2006	\$32.06	95	91	39	75	926	\$31.95	90, 50%	57, 8%	17, -5%	-0.3%	2.65
GEX	9/8/2006	\$4.82	97	99	27	37	68	\$4.39	98, 130%	46, 4%	12, -9%	-8.9%	-0.57
ANEN	9/7/2006	\$20.97	90	81	37	95	183	\$20.59	77, 27%	29, -3%	14, -8%	-1.8%	2.65
CELG	9/7/2006	\$41.15	92	69	30	98	4,065	\$55.73	94, 73%	89, 30%	92, 31%	35.4%	-0.31
APN	9/1/2006	\$4.82	98	99	51	58	127	\$5.64	99, 266%	79, 19%	80, 18%	17.0%	3.33

Note-IBD EPS rank >90 are bold

Note-Average Daily Volume < 100k Bold Red

Note-Current PRS_12 < 80 Bold Red

Red PRS numbers means stock is under review, PRS_12 <80 - Exit is 75

Green PRS numbers means the stock is in the Buy Zone

That was an impressive \$0.15 above consensus estimates.

FTO has an IBD EPS rank of 95, which is very strong.

FTO's PRS_3 fell below 40 on November 16 when the stock was trading at \$28.79. Since then, FTO has improved, and you can see the upturn in its PRS_3 (Red line) on the chart. This is a classic strong stock that pulled back and is once again gathering strength.

Because of the nature of our entry criteria, stocks are often brought to our attention when they are in a near-term down trend. The issue we must always be aware of is sometimes the stock will remain in the downtrend a bit longer than we would prefer. The good news is that means you can "get in" at a better price. However, waiting for the stock to stabilize is a reasonable approach. I am showing FTO this month because FTO broke out above the *most obvious* near-term downtrend line over the past few days as it moved above \$31. In addition, the stock has clearly been recovering since early October, which is a common time frame for stocks to bottom.

With energy prices having stabilized above the \$60 level and renewed interest in oil and energy related issues, FTO is positioned to remain a strong favorite and maintain its continued out performance.

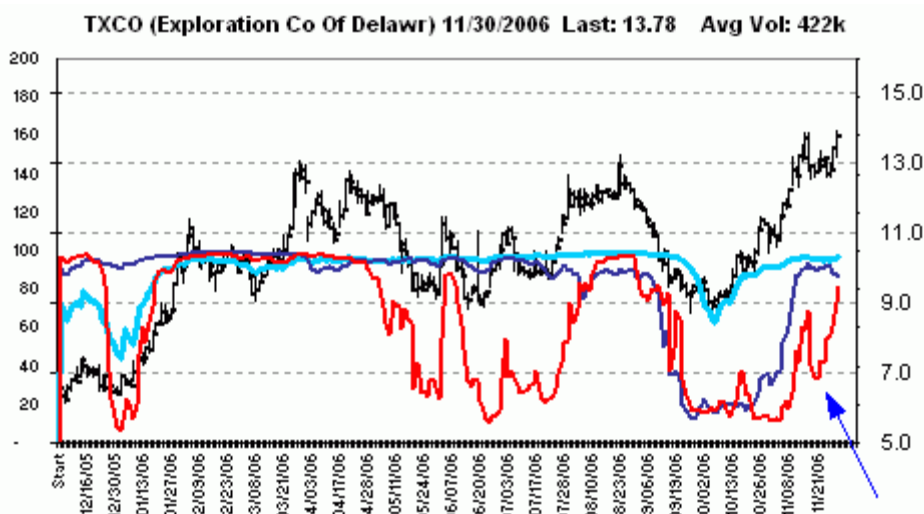
Focus Stock #2 TXCO

[TXCO, Exploration Company of Delaware](#), is a San Antonio-based independent oil and gas exploration and production company. It leverages geological and geophysical expertise in its core operating area, the Maverick Basin in Southwest Texas, to increase shareholder value. As the largest mineral leaseholder in the Maverick Basin, its 644,000-acre leasehold position yields multi-play/multi-pay opportunities from numerous producing intervals. TXCO looks to operate whenever possible and currently has an 85% average working interest in its Maverick Basin properties. better than 92% of all other companies. It is a strong company in a strong industry group.

TXCO has an IBD EPS rank of just 26, but that is not reflective of its earnings expectations. According to IBES earnings estimates, after reporting earnings of \$0.06 in 2005, TXCO is expected to earn \$0.40 in 2006

and \$0.82 in 2007. On November 3, TXCO reported Q3 earnings of \$0.19. In short, this is a small oil drilling company that is benefiting from the sharp rise in oil prices. As long as oil prices remain firm, the upside prospects for TXCO seem remarkably strong.

Looking at the chart of TXCO it is clear the stock has been volatile over the course of the year bouncing in a wide range between \$12-13 and \$9-10. Like many energy related companies, the stock was weak in September and bottomed out in early October, like many energy companies. Since then the stock has been on a very strong run. Earlier this month, on the 14th, we added TXCO as a new position in our Model Portfolio when the stock was at \$13.20. The blue arrow on the chart points to the dip in the Red PRS_3 line. TXCO reached our entry criteria on November 9 and closed at 12.81. It is currently trading just above that level. The spirited move higher by the energy sector this week leaves the entire group looking very attractive.



Other stocks I like for purchase right now are: Noven Pharmaceuticals (NOVN); Omnicell (OMCL); Allis-Chalmers Energy Inc (ALY); Hecla Mining Company (HL); Ocwen Financial (OCN); Covanta Holding Corp (CVA)

The following November entries look good, but I recommend holding off until they build a base like formation and or break the most obvious near-term down trend line. They look good but are still actively pulling back at this time. Icon PLC (ICLR); Superior Essex Inc (SPSX); Tchnitrol Inc. (TNL); Meadowbrook Insurance Group Inc, (MIG); Datalink Corp (DTLK.)

Current Open Active Positions

Green = Stock in Buy Zone

Red = Stock under review, PRS_12 getting low

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	Weeks Held	Avg Daily Volume k	Last 11/30/06	Current PRS_12, Delta_12	Current PRS_6, Delta_6	Current PRS_3, Delta_3	% Gain /Loss	Beta
NOVN	11/28/2006	\$23.29	93	92	14	0	401	\$23.66	92, 60%	93, 37%	15, -7%	1.6%	0.75
TAR	11/20/2006	\$17.79	92	98	16	2	45	\$18.00	93, 61%	97, 66%	8, -13%	1.2%	1.78
SPSX	11/17/2006	\$34.93	95	64	18	2	240	\$35.42	94, 67%	63, 11%	23, -2%	1.4%	1.33
OCN	11/8/2006	\$15.60	94	94	35	3	522	\$15.05	92, 60%	83, 23%	23, -2%	(3.5%)	2.73
DTLK	11/3/2006	\$8.57	98	94	29	4	252	\$8.13	97, 107%	91, 33%	34, 1%	(5.1%)	2.36
PMTR	10/2/2006	\$3.75	99	99	41	9	551	\$3.78	98, 127%	69, 13%	28, 0%	0.8%	1.58
GIGM	7/31/2006	\$8.76	99	98	34	18	1,596	\$9.76	99, 224%	66, 12%	31, 0%	11.4%	3
SHOO	7/20/2006	\$27.87	95	96	30	19	328	\$36.77	95, 77%	66, 12%	23, -2%	31.9%	1.78
NITE	7/19/2006	\$15.85	96	97	49	19	1,540	\$17.61	91, 53%	62, 10%	25, -1%	11.1%	1.61
NEU	7/18/2006	\$45.40	99	98	36	19	308	\$62.78	98, 139%	87, 27%	20, -3%	38.3%	1.59
ZONS	7/6/2006	\$6.61	92	90	39	21	101	\$8.53	91, 53%	91, 33%	29, 0%	29.0%	4.13
ICOC	6/30/2006	\$4.92	95	94	33	22	248	\$6.17	97, 101%	89, 30%	28, 0%	25.4%	2.89
TWTC	6/14/2006	\$14.32	98	96	48	24	1,526	\$18.24	94, 72%	80, 20%	25, -1%	27.4%	1.73
XNR	5/12/2006	\$4.46	93	89	25	29	55	\$5.21	93, 61%	66, 11%	36, 1%	16.8%	0.98
NUVO	5/1/2006	\$16.03	96	95	23	31	473	\$19.20	97, 97%	72, 14%	14, -7%	19.8%	3.79
URGI	5/5/2005	\$5.44	97	93	52	82	98	\$14.58	75, 25%	18, -10%	13, -8%	168.0%	2.2
UBB	5/25/2005	\$34.15	95	90	32	79	736	\$84.67	79, 29%	88, 28%	72, 13%	147.9%	1.89
STXN	5/22/2006	\$3.97	96	87	8	28	588	\$4.27	75, 25%	35, 0%	69, 13%	7.6%	5.47
BLK	6/14/2006	\$122.51	90	76	29	24	178	\$143.37	76, 26%	52, 6%	58, 8%	17.0%	1.19
LTBG	7/27/2006	\$11.06	91	89	35	18	167	\$13.20	78, 28%	44, 3%	60, 8%	19.3%	1.92
WMG	7/31/2006	\$24.35	91	89	32	18	285	\$25.42	79, 29%	24, -6%	35, 1%	4.4%	1.17
RSTI	8/4/2006	\$54.11	91	78	36	17	146	\$58.16	76, 26%	46, 4%	50, 5%	7.5%	2.93
ANEN	9/7/2006	\$20.97	90	81	37	12	183	\$20.59	77, 27%	29, -3%	14, -8%	(1.8%)	2.65
RNWK	9/19/2006	\$10.61	96	93	51	10	1,936	\$11.51	77, 26%	80, 20%	67, 11%	8.5%	1.02
FVE	10/9/2006	\$11.17	91	81	44	8	400	\$10.17	79, 29%	19, -10%	19, -4%	(9.0%)	2.88
IBCA	10/11/2006	\$41.61	95	83	27	7	56	\$34.88	75, 25%	15, -14%	6, -17%	(16.2%)	1.13
TIE	6/29/2004	\$2.29	95	96	35	126	3,614	\$31.97	95, 79%	12, -16%	76, 15%	1296.1%	1.6
NIHD	7/7/2004	\$17.35	95	83	40	125	1,589	\$64.93	86, 40%	78, 19%	83, 20%	274.2%	1.22
HANS	8/17/2004	\$2.48	99	98	34	119	5,277	\$28.13	80, 30%	3, -38%	32, 1%	1034.3%	0.54
GGY	12/17/2004	\$13.19	91	60	31	102	31	\$40.22	96, 84%	68, 13%	87, 23%	204.9%	2.29
HOC	1/4/2005	\$13.35	95	90	23	99	1,093	\$54.01	93, 62%	84, 24%	80, 18%	304.6%	0.48
SBAC	1/21/2005	\$8.65	95	97	57	97	1,149	\$28.37	87, 42%	81, 21%	67, 11%	228.0%	2.83
CECE	3/30/2005	\$3.23	95	94	39	87	61	\$8.95	83, 34%	65, 11%	13, -8%	177.1%	1.23
DRQ	5/12/2005	\$13.14	91	85	23	81	935	\$42.33	90, 51%	50, 5%	58, 8%	222.1%	1.25
ANST	5/27/2005	\$11.77	91	92	22	79	280	\$27.64	90, 49%	91, 33%	75, 14%	134.8%	1.73
GROW	6/7/2005	\$5.13	93	96	19	77	640	\$50.36	99, 277%	99, 120%	99, 86%	881.7%	3.38
ARS	6/14/2005	\$23.64	94	96	22	76	369	\$52.11	88, 43%	85, 25%	34, 1%	120.4%	3.53
KNOT	6/15/2005	\$6.53	90	91	28	76	431	\$27.57	97, 107%	96, 54%	97, 58%	322.2%	0.31
JLL	6/27/2005	\$44.25	91	86	29	75	394	\$91.00	93, 66%	67, 12%	62, 9%	105.6%	1.27
CVO	7/8/2005	\$8.17	98	99	43	73	310	\$19.88	84, 37%	40, 2%	17, -5%	143.3%	0.04
MDR	7/12/2005	\$15.17	95	85	42	72	1,237	\$52.08	94, 68%	68, 13%	47, 4%	243.3%	1.77
PWEI	8/16/2005	\$5.34	91	97	15	67	438	\$34.14	87, 41%	76, 17%	17, -5%	539.3%	4.33
PNRG	10/7/2005	\$50.00	97	98	50	60	2	\$67.06	87, 42%	12, -17%	11, -10%	34.1%	0.85
ILMN	10/12/2005	\$13.02	94	95	32	59	1,370	\$38.44	98, 118%	94, 42%	69, 12%	195.2%	1.42
AMR	10/14/2005	\$11.89	92	70	15	59	7,458	\$31.96	95, 76%	91, 33%	97, 54%	168.8%	3.24
BMRN	10/14/2005	\$7.59	92	92	30	59	843	\$17.11	91, 53%	84, 23%	42, 3%	125.4%	1.66
ICON	10/20/2005	\$8.17	94	96	23	58	444	\$17.98	95, 76%	52, 6%	80, 18%	120.1%	2.63
LKQX	10/28/2005	\$14.34	93	82	36	57	288	\$22.92	80, 30%	70, 14%	63, 10%	59.8%	2.03
MYOG	11/16/2005	\$20.69	98	99	42	54	934	\$52.47	98, 137%	97, 65%	96, 48%	153.6%	3.21
TS	11/30/2005	\$22.36	97	94	34	52	1,676	\$47.01	95, 82%	87, 26%	87, 24%	110.2%	3.02
GI	12/7/2005	\$53.47	96	96	28	51	432	\$77.09	82, 33%	79, 20%	15, -6%	44.2%	1.26
OMNI	12/29/2005	\$3.25	92	94	8	48	674	\$10.10	99, 184%	83, 22%	66, 11%	210.8%	3.36
VTS	12/29/2005	\$35.70	91	84	39	48	1,202	\$78.17	97, 110%	96, 55%	81, 18%	119.0%	1.19
TTI	12/30/2005	\$15.26	93	91	42	48	913	\$25.84	91, 55%	14, -14%	11, -10%	69.3%	1.16
WFR	12/30/2005	\$22.17	94	89	38	48	4,268	\$39.80	92, 57%	61, 10%	47, 4%	79.5%	3.23
LCC	2/7/2006	\$29.00	97	92	28	42	1,986	\$56.76	93, 62%	84, 24%	93, 33%	95.7%	-0.23
CPTS	2/21/2006	\$14.28	93	88	22	40	232	\$22.93	88, 44%	98, 72%	92, 31%	60.6%	2.24
NTRI	2/21/2006	\$37.70	99	97	22	40	1,718	\$69.05	93, 63%	40, 2%	93, 35%	83.2%	1.28
ANAD	3/9/2006	\$5.67	98	97	28	38	1,300	\$9.63	92, 59%	72, 15%	83, 21%	69.8%	4.43
GES	3/9/2006	\$34.34	96	93	24	38	891	\$62.16	95, 76%	94, 43%	96, 48%	81.0%	1.01
BTJ	3/13/2006	\$10.47	90	86	25	38	193	\$20.10	97, 106%	96, 52%	52, 6%	92.0%	1.36
GIL	4/4/2006	\$44.70	92	67	26	34	149	\$55.15	80, 31%	90, 32%	58, 8%	23.4%	1.75
VRTX	4/10/2006	\$33.72	98	92	36	34	1,544	\$44.30	93, 65%	91, 34%	86, 23%	31.4%	2.91
AMX	4/12/2006	\$33.15	91	84	40	33	4,018	\$44.47	87, 42%	91, 33%	77, 16%	34.1%	2.41
TSCM	4/12/2006	\$7.67	91	96	23	33	404	\$9.78	93, 62%	9, -21%	11, -10%	27.5%	0.79
IDEV	4/18/2006	\$5.63	91	97	35	32	395	\$7.54	94, 70%	95, 49%	83, 20%	33.9%	0.81
ORA	4/25/2006	\$33.81	92	91	17	31	95	\$36.84	81, 32%	20, -9%	26, -1%	9.0%	0.95
HOLX	4/27/2006	\$47.18	96	92	16	31	1,040	\$50.03	80, 30%	87, 27%	78, 17%	6.0%	2.63
TSU	5/11/2006	\$34.50	93	92	23	29	438	\$34.04	80, 30%	87, 26%	75, 15%	(1.3%)	2.49
ARTG	5/15/2006	\$2.55	95	96	18	29	1,288	\$2.36	80, 30%	8, -24%	5, -18%	(7.5%)	2.63
AIRM	5/19/2006	\$22.27	98	93	28	28	149	\$26.27	92, 60%	69, 13%	75, 15%	18.0%	1.68
EGY	5/22/2006	\$6.19	92	95	38	28	673	\$8.39	96, 83%	51, 5%	36, 1%	35.5%	0.24
NUAN	5/22/2006	\$9.53	97	95	22	28	2,510	\$10.27	92, 57%	70, 14%	91, 29%	7.8%	2.08
GGB	5/23/2006	\$13.39	95	89	21	27	1,408	\$15.75	87, 42%	61, 9%	44, 4%	17.6%	2.38

Note-IBD EPS rank >90 are bold
Note-Average Daily Volume < 100k Bold Red

Note: Current PRS Red means stock is under review, PRS_12 <80 - Exit is 75
Note: Current PRS Green means the stock is in the Buy Zone

Current Open Active Positions

Green = Stock in Buy Zone

Red = Stock under review, PRS_12 getting low

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	Weeks Held	Avg Daily Volume k	Last 11/30/06	Current PRS_12, Delta_12	Current PRS_6, Delta_6	Current PRS_3, Delta_3	% Gain /Loss	Beta
GIII	5/23/2006	\$8.72	91	87	12	27	36	\$15.14	97, 108%	97, 67%	97, 51%	73.6%	0.91
IIN	5/23/2006	\$16.65	98	98	43	27	244	\$19.23	97, 107%	19, -10%	12, -9%	15.5%	4.1
NETC	5/23/2006	\$7.26	93	61	24	27	107	\$10.27	85, 39%	89, 30%	70, 12%	41.5%	0.36
MEH	5/24/2006	\$4.25	95	82	13	27	268	\$8.28	98, 124%	99, 89%	81, 18%	94.8%	2.03
CHINA	5/25/2006	\$4.53	90	80	33	27	2,311	\$9.07	98, 142%	99, 99%	98, 63%	100.2%	2.85
CYBI	5/30/2006	\$5.94	93	95	42	26	72	\$6.48	93, 62%	93, 8%	20, -3%	9.1%	0.81
ATHR	5/31/2006	\$22.09	97	99	39	26	2,477	\$22.69	97, 112%	29, -3%	95, 39%	2.7%	5.48
DIOD	6/2/2006	\$36.52	91	87	34	26	479	\$41.39	88, 43%	71, 14%	68, 11%	13.3%	1.46
AKS	6/7/2006	\$12.18	92	91	29	25	2,144	\$16.49	95, 76%	85, 24%	88, 24%	35.4%	6.62
AVNX	6/7/2006	\$1.82	91	98	7	25	4,155	\$1.97	98, 132%	47, 4%	79, 17%	8.2%	4.31
FLS	6/8/2006	\$51.04	91	90	31	25	396	\$53.84	82, 33%	34, -1%	47, 4%	5.5%	1.34
FNSR	6/9/2006	\$3.29	98	97	3	25	10,347	\$3.83	96, 85%	10, -20%	37, 2%	16.4%	3.72
BWNG	6/12/2006	\$10.15	96	95	16	25	2,258	\$15.15	97, 102%	83, 23%	92, 32%	49.3%	6.28
LAZ	6/13/2006	\$36.54	91	86	27	24	425	\$45.42	86, 40%	55, 7%	82, 19%	24.3%	2.03
MTW	6/13/2006	\$35.65	93	94	38	24	817	\$60.24	98, 113%	91, 34%	93, 34%	69.0%	1.87
OS	6/13/2006	\$41.79	98	94	35	24	1,154	\$62.94	97, 100%	91, 33%	89, 26%	50.6%	5.24
PCU	6/13/2006	\$35.43	91	58	28	24	2,380	\$54.71	91, 54%	88, 28%	75, 15%	54.4%	3.43
CBG	6/14/2006	\$23.00	93	90	42	24	2,530	\$32.93	94, 72%	87, 27%	95, 41%	43.2%	2.24
EME	6/14/2006	\$43.24	93	89	34	24	298	\$59.67	91, 55%	84, 23%	53, 6%	38.0%	1.55
GNA	6/14/2006	\$8.06	93	94	25	24	308	\$9.95	92, 60%	48, 5%	24, -2%	23.4%	4.71
RACK	6/14/2006	\$34.04	98	95	12	24	1,963	\$35.61	93, 61%	22, -7%	90, 28%	4.6%	3.8
WCC	6/14/2006	\$55.86	94	91	32	24	935	\$66.90	89, 47%	35, 0%	67, 11%	19.8%	1.3
ARP	6/15/2006	\$31.78	95	91	32	24	231	\$31.26	83, 34%	22, -7%	30, 0%	(1.6%)	2.33
CAL	6/15/2006	\$24.95	93	92	37	24	4,619	\$40.64	98, 131%	97, 65%	98, 60%	62.9%	2.69
CGA	6/15/2006	\$14.22	93	92	51	24	108	\$19.86	95, 82%	91, 33%	91, 29%	39.7%	2.14
RLH	6/15/2006	\$11.00	90	82	29	24	31	\$12.30	83, 35%	54, 7%	88, 25%	11.8%	1.01
RDY	6/16/2006	\$13.77	91	90	32	24	421	\$16.70	89, 47%	78, 19%	49, 5%	21.3%	2.82
TTM	6/16/2006	\$16.31	91	85	11	24	439	\$18.06	85, 38%	52, 6%	17, -5%	10.7%	3.27
FCFS	6/22/2006	\$18.65	95	90	32	23	290	\$20.43	80, 30%	26, -4%	23, -2%	9.5%	1.43
BID	6/23/2006	\$24.27	92	91	38	23	1,042	\$31.09	91, 52%	74, 16%	66, 10%	28.1%	2.1
LVLTL	6/26/2006	\$4.03	94	92	11	23	30,982	\$5.34	91, 55%	59, 9%	87, 23%	32.5%	3.33
OYOG	6/27/2006	\$53.65	98	98	35	22	62	\$47.85	92, 57%	11, -19%	5, -19%	(10.8%)	1.76
AMN	6/29/2006	\$65.05	92	93	28	22	42	\$75.21	91, 53%	90, 32%	51, 5%	15.6%	1.79
LNUX	6/29/2006	\$3.94	96	99	20	22	651	\$4.56	98, 144%	62, 10%	86, 23%	15.7%	3.76
AMAG	6/30/2006	\$30.21	98	99	15	22	279	\$55.72	99, 352%	99, 122%	97, 52%	84.4%	2.97
ATNI	7/3/2006	\$20.31	91	81	34	22	49	\$28.40	93, 64%	80, 20%	97, 52%	39.8%	1.27
IEDU	7/5/2006	\$7.59	96	92	30	21	382	\$12.89	98, 130%	94, 40%	95, 40%	69.8%	1.87
MICC	7/5/2006	\$35.02	93	86	9	21	450	\$57.26	98, 125%	87, 26%	96, 44%	63.5%	2.84
ACTU	7/10/2006	\$3.86	95	79	33	21	306	\$5.39	92, 56%	90, 32%	95, 39%	39.6%	2.02
ANDE	7/10/2006	\$45.83	97	98	81	21	474	\$41.20	95, 80%	11, -19%	24, -2%	(10.1%)	1.89
IPSU	7/11/2006	\$24.13	91	98	8	20	221	\$23.04	90, 48%	31, -2%	3, -25%	(4.5%)	3.06
KNXA	7/12/2006	\$28.02	96	87	30	20	212	\$30.85	94, 67%	35, 0%	82, 20%	10.1%	-0.06
PJC	7/12/2006	\$55.25	92	93	25	20	277	\$65.07	91, 53%	45, 3%	64, 10%	17.8%	3.21
COGO	7/14/2006	\$9.81	94	93	26	20	672	\$16.24	98, 144%	62, 10%	95, 41%	65.5%	2.98
NUE	7/14/2006	\$50.38	96	96	35	20	4,275	\$59.85	93, 64%	72, 15%	81, 19%	18.8%	2.08
SMDI	7/14/2006	\$8.05	96	96	26	20	678	\$8.89	96, 95%	7, -25%	23, -2%	10.4%	2.46
ATI	7/17/2006	\$56.63	97	95	20	20	2,571	\$89.65	98, 142%	93, 40%	96, 48%	58.3%	4.58
OPNT	7/17/2006	\$11.97	91	93	40	20	77	\$16.13	92, 58%	90, 31%	81, 19%	34.8%	1.4
USAP	7/17/2006	\$23.89	93	95	28	20	68	\$33.31	98, 113%	76, 17%	93, 34%	39.4%	2.08
AAUK	7/18/2006	\$19.07	92	75	37	19	1,033	\$23.39	84, 37%	81, 21%	43, 3%	22.7%	1.6
ICTG	7/18/2006	\$22.20	97	89	35	19	99	\$33.53	96, 90%	82, 22%	78, 17%	51.0%	-0.74
ISE	7/18/2006	\$37.27	91	83	28	19	727	\$53.18	92, 59%	92, 36%	88, 24%	42.7%	2.44
DBRN	7/20/2006	\$22.87	96	83	38	19	1,238	\$24.24	86, 39%	28, -4%	95, 39%	6.0%	1.07
NYX	7/20/2006	\$61.24	91	86	29	19	2,687	\$100.10	94, 70%	97, 58%	98, 67%	63.5%	-0.04
CLEC	7/21/2006	\$3.41	92	97	28	19	262	\$8.45	99, 304%	99, 146%	98, 67%	147.8%	4.37
ZOLT	7/21/2006	\$24.10	97	99	26	19	540	\$22.45	97, 110%	6, -28%	7, -15%	(6.8%)	2.03
AKAM	7/24/2006	\$31.29	97	95	47	19	5,141	\$48.87	97, 112%	97, 57%	82, 20%	56.2%	1.44
ATML	7/24/2006	\$4.82	95	92	35	19	9,097	\$5.05	84, 35%	50, 5%	8, -13%	4.8%	3.83
CRS	7/24/2006	\$104.48	93	93	25	19	716	\$106.81	89, 47%	21, -8%	52, 6%	2.2%	2.1
MGPI	7/24/2006	\$22.09	98	97	30	19	295	\$21.81	94, 67%	8, -22%	8, -12%	(1.3%)	2.57
STLD	7/25/2006	\$28.72	94	95	44	18	2,628	\$32.51	94, 69%	64, 11%	81, 18%	13.2%	2.84
VMI	7/25/2006	\$49.15	96	93	39	18	149	\$59.25	93, 62%	82, 22%	85, 7%	20.5%	1.41
LDSH	7/27/2006	\$31.31	96	94	30	18	233	\$33.74	88, 45%	14, -14%	18, -4%	7.8%	0.89
SHT	7/27/2006	\$20.93	80	81	16	18	457	\$29.50	95, 80%	64, 11%	91, 29%	40.9%	2.52
KIXX	7/28/2006	\$38.99	97	96	73	18	456	\$39.07	86, 40%	47, 4%	8, -13%	0.2%	0.49
CLDN	8/2/2006	\$17.01	95	88	31	17	317	\$18.52	88, 45%	28, -3%	35, 1%	8.9%	1.48
GPI	8/2/2006	\$48.95	91	96	21	17	597	\$50.99	90, 50%	12, -17%	66, 10%	4.2%	1.69
PGS	8/2/2006	\$53.25	96	97	17	17	32	\$67.44	97, 110%	35, 0%	86, 23%	26.6%	1.49
NVDA	8/3/2006	\$24.31	94	77	18	17	10,648	\$36.99	96, 89%	97, 59%	92, 31%	52.2%	4.47
SMSI	8/3/2006	\$11.01	96	94	23	17	945	\$15.98	97, 111%	54, 7%	82, 19%	45.1%	-0.91
AXR	8/4/2006	\$39.20	91	96	23	17	105	\$87.68	99, 237%	97, 65%	99, 100%	123.7%	1.82
FMCN	8/4/2006	\$58.47	99	77	30	17	801	\$71.27	97, 112%	64, 11%	81, 19%	21.9%	2
LVS	8/4/2006	\$62.00	93	92	34	17	2,307	\$91.56	97, 104%	90, 31%	92, 32%	47.7%	3.24
STKL	8/4/2006	\$9.02	92	92	19	17	537	\$9.81	94, 68%	50, 5%	77, 16%	8.8%	2.66

Note-IBD EPS rank >90 are bold
Note-Average Daily Volume < 100k Bold Red

Note: Current PRS Red means stock is under review, PRS_12 <80 - Exit is 75
Note: Current PRS Green means the stock is in the Buy Zone

Current Open Active Positions

Green = Stock in Buy Zone

Red = Stock under review, PRS_12 getting low

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	Weeks Held	Avg Daily Volume k	Last 11/30/06	Current PRS_12, Delta_12	Current PRS_6, Delta_6	Current PRS_3, Delta_3	% Gain /Loss	Beta
ACTG	8/7/2006	\$11.00	98	97	31	17	190	\$13.93	95, 80%	68, 13%	91, 29%	26.6%	1.93
OPLK	8/8/2006	\$16.61	91	66	36	16	262	\$19.95	82, 34%	32, -1%	39, 2%	20.1%	2.56
CBJ	8/9/2006	\$3.25	92	80	33	16	440	\$3.86	93, 58%	84, 22%	80, 17%	18.8%	1.11
CAMT	8/9/2006	\$6.07	94	88	35	16	78	\$5.70	82, 34%	13, -16%	14, -7%	(6.1%)	2.23
GRMN	8/9/2006	\$42.88	91	94	35	16	3,459	\$50.89	93, 63%	54, 7%	58, 8%	18.7%	2
TEX	8/9/2006	\$40.56	92	85	24	16	1,375	\$56.02	94, 71%	84, 24%	89, 26%	38.1%	1.96
AP	8/10/2006	\$26.55	96	95	51	16	112	\$34.69	98, 114%	37, 1%	84, 21%	30.7%	1.9
SVVS	8/10/2006	\$25.93	93	99	58	16	311	\$30.14	99, 162%	36, 0%	84, 21%	16.2%	2.61
UBFO	8/10/2006	\$21.46	92	92	36	16	11	\$24.89	90, 50%	61, 10%	55, 7%	16.0%	0.41
GYMB	8/14/2006	\$29.21	94	93	29	16	1,038	\$39.80	93, 65%	74, 16%	78, 17%	36.3%	0.53
MEK	8/14/2006	\$11.22	99	82	32	16	224	\$14.24	96, 92%	23, -7%	85, 21%	26.9%	1.87
MED	8/16/2006	\$11.98	98	99	10	15	578	\$13.05	97, 111%	5, -30%	82, 19%	8.9%	2.08
QLTY	8/18/2006	\$15.05	94	96	53	15	91	\$13.34	96, 93%	39, 2%	11, -9%	(11.4%)	1.59
CCOI	8/21/2006	\$8.18	91	86	14	15	387	\$15.85	99, 155%	98, 73%	98, 78%	93.8%	7.9
PRVT	8/21/2006	\$4.34	93	95	34	15	136	\$4.05	93, 64%	14, -15%	17, -5%	(6.7%)	2.47
TWGP	8/21/2006	\$27.75	94	97	28	15	251	\$32.94	91, 52%	50, 5%	72, 13%	18.7%	-0.26
DAKT	8/25/2006	\$20.72	96	87	21	14	783	\$36.18	98, 145%	95, 47%	98, 73%	74.6%	1.29
PRFT	8/25/2006	\$12.52	94	88	29	14	419	\$17.47	95, 79%	85, 25%	91, 29%	39.5%	2.9
EMCI	8/28/2006	\$28.75	92	88	25	14	71	\$34.48	93, 63%	64, 11%	79, 17%	19.9%	0.97
PMTI	8/29/2006	\$39.61	92	90	18	13	426	\$49.95	85, 39%	61, 9%	89, 26%	26.1%	4.08
FCGI	8/30/2006	\$8.86	93	94	38	13	146	\$12.44	97, 97%	92, 34%	94, 37%	40.4%	1.35
HBHC	8/31/2006	\$51.84	92	88	31	13	105	\$53.64	81, 31%	28, -3%	40, 2%	3.5%	0.41
APN	9/1/2006	\$4.82	98	99	51	13	127	\$5.64	99, 266%	79, 19%	80, 18%	17.0%	3.33
CELG	9/7/2006	\$41.15	92	69	30	12	4,065	\$55.73	94, 73%	89, 30%	92, 31%	35.4%	-0.31
AUXL	9/8/2006	\$8.72	90	95	25	12	290	\$16.68	99, 172%	99, 92%	99, 92%	91.3%	3.98
GEX	9/8/2006	\$4.82	97	99	27	12	68	\$4.39	98, 130%	46, 4%	12, -9%	(8.9%)	-0.57
IDCC	9/8/2006	\$32.06	95	91	39	12	926	\$31.95	90, 50%	57, 8%	17, -5%	(0.3%)	2.65
VOL	9/11/2006	\$34.90	93	94	23	12	326	\$46.66	97, 109%	96, 52%	66, 11%	33.7%	1.6
CTRP	9/15/2006	\$49.34	91	90	39	11	408	\$55.52	95, 76%	70, 14%	53, 6%	12.5%	0.94
IIG	9/18/2006	\$13.68	95	96	36	11	254	\$22.99	99, 221%	98, 82%	98, 71%	68.1%	3.54
ININ	9/18/2006	\$11.53	94	92	16	11	268	\$17.52	99, 232%	97, 69%	96, 45%	52.0%	2.47
FIZ	9/20/2006	\$12.50	93	94	32	10	127	\$12.64	91, 52%	18, -11%	8, -13%	1.1%	1.36
MIKR	9/20/2006	\$13.19	97	99	33	10	154	\$15.02	98, 118%	97, 68%	77, 16%	13.9%	5.1
SVL	9/21/2006	\$3.70	98	89	24	10	77	\$4.04	86, 39%	25, -6%	75, 15%	9.2%	3.65
BAMM	9/22/2006	\$16.72	96	97	21	10	113	\$20.98	97, 108%	92, 34%	91, 30%	25.5%	1.65
CHAP	9/26/2006	\$34.52	99	73	36	9	861	\$46.50	99, 214%	94, 40%	88, 24%	34.7%	1.22
LRCX	9/27/2006	\$45.31	90	70	33	9	3,591	\$52.60	84, 36%	74, 16%	88, 25%	16.1%	2.45
VLG	9/27/2006	\$26.10	91	91	30	9	14	\$26.21	80, 30%	71, 14%	6, -16%	0.4%	1.27
CTCI	9/29/2006	\$21.71	95	98	28	9	260	\$20.38	90, 48%	80, 21%	9, -12%	(6.1%)	0.17
EZPW	9/29/2006	\$38.68	98	95	20	9	496	\$46.72	99, 169%	95, 48%	77, 16%	20.8%	4.13
MWIV	9/29/2006	\$33.52	92	59	27	9	60	\$34.33	84, 36%	40, 2%	24, -2%	2.4%	-0.21
BLKB	10/2/2006	\$23.12	93	83	61	9	334	\$25.81	88, 43%	87, 27%	65, 10%	11.6%	1.64
KBALB	10/2/2006	\$19.52	93	96	38	9	192	\$23.99	97, 107%	96, 54%	94, 36%	22.9%	2.25
AGP	10/3/2006	\$29.18	91	97	26	8	724	\$34.19	94, 67%	70, 14%	62, 9%	17.2%	0.88
PNK	10/3/2006	\$29.71	94	61	39	8	545	\$32.51	83, 35%	49, 5%	88, 25%	9.4%	2.62
CLB	10/4/2006	\$59.58	96	85	34	8	377	\$88.46	98, 115%	96, 51%	76, 15%	48.5%	1.91
RVI	10/5/2006	\$16.92	92	86	28	8	337	\$19.03	88, 43%	86, 25%	92, 32%	12.5%	-0.1
DSW	10/6/2006	\$34.09	94	78	33	8	398	\$38.30	88, 44%	88, 28%	93, 35%	12.3%	2.26
GETI	10/10/2006	\$28.25	96	80	36	7	55	\$32.81	95, 82%	71, 14%	63, 9%	16.1%	1.35
ZUMZ	10/10/2006	\$32.04	95	67	29	7	576	\$30.65	89, 48%	20, -9%	95, 39%	(4.3%)	2.03
Q	10/19/2006	\$8.19	95	90	38	6	19,009	\$7.69	83, 34%	39, 2%	8, -13%	(6.1%)	1.77
GRB	10/20/2006	\$15.03	94	97	23	6	208	\$13.84	83, 34%	88, 28%	8, -14%	(7.9%)	0.36
FTI	10/25/2006	\$61.59	91	80	26	5	877	\$60.01	82, 34%	17, -11%	26, -1%	(2.6%)	1.09
KNOL	10/26/2006	\$10.57	99	95	38	5	141	\$10.00	99, 300%	39, 1%	21, -3%	(5.4%)	3.76
STAN	11/3/2006	\$33.74	93	90	51	4	27	\$37.82	95, 79%	91, 34%	67, 11%	12.1%	0.45
CVA	11/7/2006	\$20.14	92	79	34	3	999	\$22.08	92, 56%	93, 37%	48, 5%	9.6%	6.01
ARD	11/9/2006	\$39.04	92	82	48	3	242	\$43.70	92, 59%	92, 35%	66, 11%	11.9%	0.88
AVCI	11/9/2006	\$6.88	90	63	9	3	587	\$7.12	89, 46%	76, 17%	5, -19%	3.5%	4.51
TXCO	11/9/2006	\$12.81	96	87	48	3	419	\$13.78	97, 96%	86, 26%	81, 19%	7.6%	2.46
FTO	11/16/2006	\$28.79	89	55	4	2	2,794	\$31.64	89, 46%	69, 13%	26, -1%	9.9%	0.24
MIG	11/16/2006	\$10.85	93	95	37	2	257	\$9.75	85, 37%	86, 26%	13, -8%	(10.1%)	0.64
TNL	11/16/2006	\$27.44	91	70	20	2	423	\$27.48	88, 43%	76, 17%	17, -5%	0.1%	0.47
ALY	11/17/2006	\$18.07	92	93	35	2	370	\$21.10	94, 67%	96, 52%	70, 12%	16.8%	3.09
HL	11/17/2006	\$6.32	93	88	37	2	1,745	\$6.97	94, 73%	89, 30%	55, 7%	10.3%	2.33
ICLR	11/28/2006	\$35.93	93	92	48	0	185	\$37.19	93, 63%	93, 38%	57, 7%	3.5%	1.35
OMCL	11/28/2006	\$18.37	94	92	40	0	272	\$18.80	94, 68%	89, 30%	51, 6%	2.3%	1.31

Next Month I will separate Pre and Post Open Actives

Average Gain for all 214 Open Actives: 58.6%

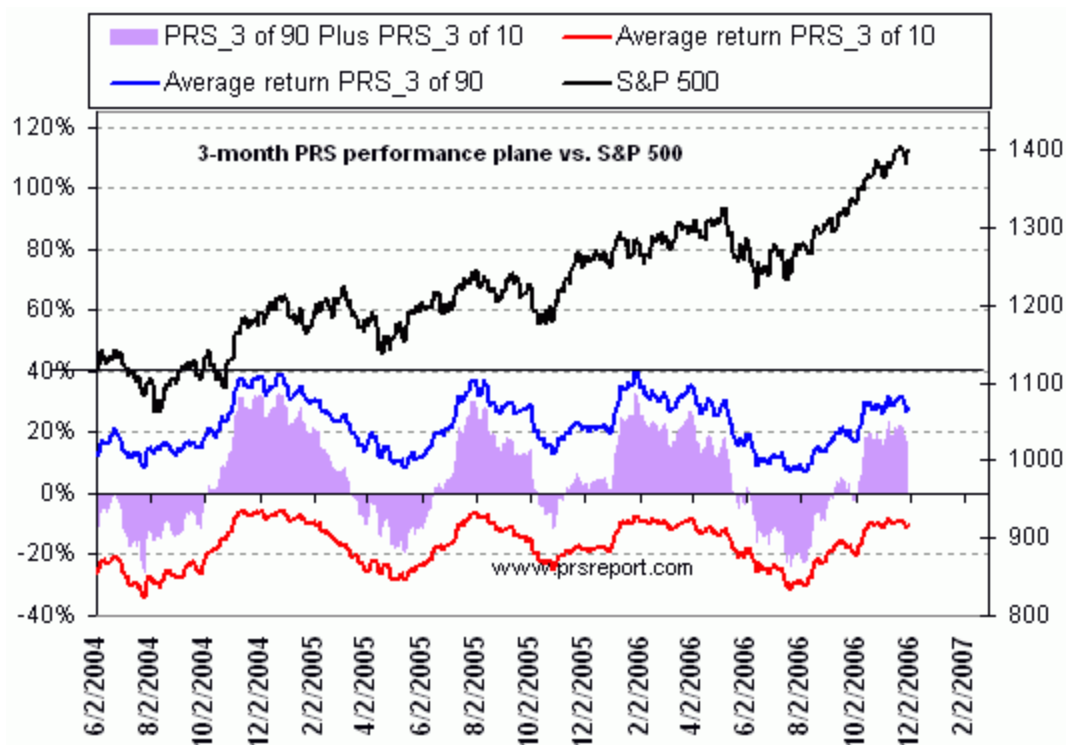
Big Picture timing:

There is no denying the magnitude of the advance from the summer lows. It has been exceptional, especially considering strength seen during the often soft September and October months. Seasonally November is a strong month and we saw strength over the balance of November. However, the market clearly reached some sort of at least minor peak during the Thanksgiving week. Note: the market reached a similar near-term peak during the week of Thanksgiving in 2005 and consolidated through the bulk of December 2005 before strength returned in early 2006.

The strong down day in late November was significant enough to cast some doubt regarding the market's near-term upside potential. The important thing is the down day spooked a lot of people. It is generally more constructive when folks are worried about near-term prospects. It enables the market to climb the preverbal "wall of worry."

The most important issues for the stock market remain the overall condition of the US economy, which is good, and the level and direction of interest rates. The Fed is expected to keep interest rates at current levels over the next several months provided we continue seeing data that confirms a likely "soft landing."

At this time there is little expectation for a rate increase. The emotional reactions are likely to center on potential disappointment regarding the prospects for a FOMC rate cut at the December and or January meetings. While we see the prospects of a rate cut as low, the fact remains that overall interest rates remain at a long-term historically very low level. With rates very low, the US economy should continue growing at a stable rate despite the known



pockets of weakness in the housing sector and the domestic auto makers.

The US Economic growth expectations in conjunction with the near-term interest rate outlook provide a solid foundation for the stock market to continue its advance. This means we will likely only have to deal with typical near-term market gyrations, which for our strategy and time horizon is of reduced concern.

As we turn to the 3-month PRS performance plane, it is clear stocks have sustained a solid move higher. The PRS_3 @ 90 line is near the highest levels seen over the past two years. The message is stocks have been very strong and there is limited room near-term upside acceleration. The PRS_3 time plane tells us from a general market stand point, stocks are advancing about as fast as they comfortably can.

The area portion of the chart shows the difference between the PRS_3 @ 10 and the PRS_3 @ 90 lines. The PRS_3 @ 10 line shows the average three month percentage return for stocks with a PRS_3 (3-month Patterson Relative Strength) of 10. The PRS_3 @ 90 shows the average return for stocks with a PRS_3 of 90. Over the past 14 years, most PRS_3 @ 90 peaks have been near 40%. The action

of the past two years is consistent with the long-term history of this metric.

Typically the PRS_3 @ 90 line peaks higher than its current peak level and then falls off while the S&P 500 continues higher. The May 06 high is a good example. The Metric tends to show a continual loss of momentum before a material market decline and this condition is not present at this time. The PRS_3 time plane indicates the market can continue higher.

In the November 21 weekly hotline update I showed the 6-month PRS Time Plane. Its message remains positive and consistent with that of the PRS_3 plane.

This month I have a very long PRS_12 (12-month) time plane, going back over 14 years. With a unique metric like the PRS Time Planes, seeing how things played out over long periods of time is extremely helpful. While there will always be short-term inconsistencies, seeing “the big picture” tells us something very important.

The important message conveyed by the 14-year PRS Time Plane chart is that despite bull and bear markets, there is a very clear level at which things tend to get “over heated” and the market is left in need of alleviating the excesses on both the upside and down side.

From 1992 through mid-1999, when the PRS_12 @ 90 line pushed above the 80% mark (read: the strongest stocks were up 80% or more over the past year) it was time for the market to consolidate for a measurable period of time. In late 1999 we saw a huge anomaly which preceded the biggest bear market in 20 years. At the end of 2003 we saw a second anomaly due to the excessively low prices seen in late 2002. The high readings were followed by a flat market for almost a full year.

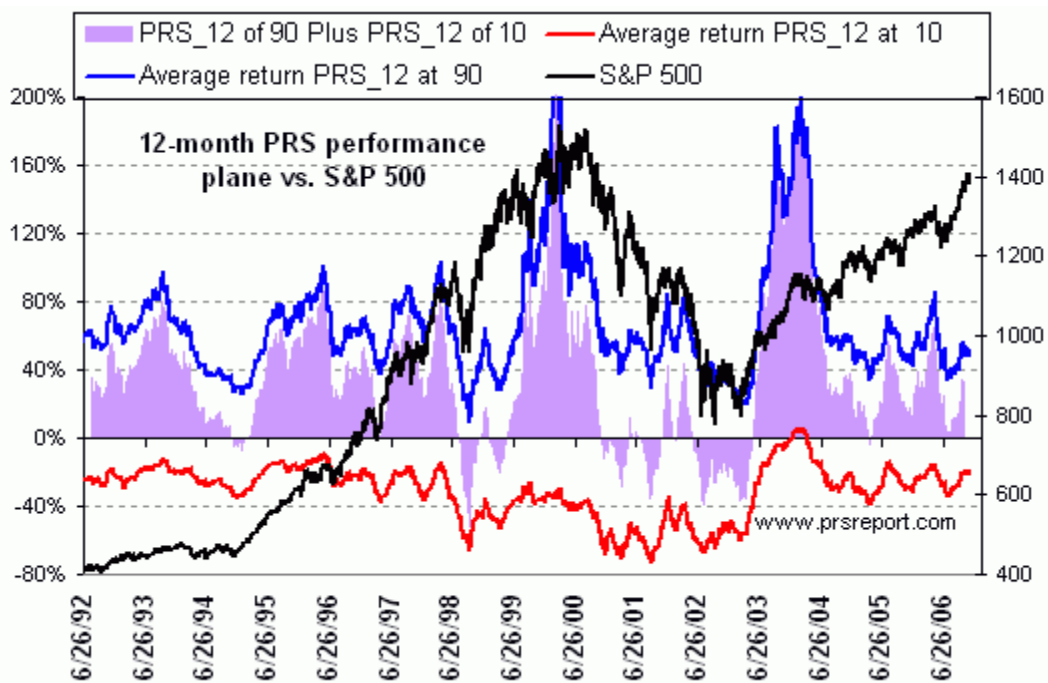
When the strongest stocks are up only about 30% or so over a 12-month period, it is a healthy buying point. The only time over the past 14-years when

this was not followed by an extended advance was during the 2001-2002 major bear market. But even then the signal was followed by a very strong multi-month rally, and the 80% line was regained. It just happened very quickly.

The extended data gives us a more information regarding expectations during a multi-year sustained advance. The additional data enables us to draw more informed conclusions.

With the PRS_12 @ 90 line just below 50% it is clear stocks have further room to advance.

With the sharp correction seen at the end of November the market may stagnate for a couple of weeks. However, in light of the condition of our PRS Time Plane metrics I do not see cause for near-term concern. If anything, with a near-term consolidation, we should see more stocks reach our entry criteria, and that means more opportunities for us.



On November 14 the Model Portoflio was launched with the addition of five new positions. On the 21st, we added another four bringing our total exposure up to about 63%. We only have about two weeks of history and so far things look pretty good, for just two weeks.

Model Portfolio Started on Tuesday November 14, 2006, \$100,000

Symb	Entry Date	Entry Price	Entry # shares	Cost	Last Price	Market Value	Gain / Loss %	IBD EPS rank	PRS_12, Delta_12	PRS_6, Delta_6	PRS_3, Delta_3
OCN	11/14/06	15.43	500	\$ 7,715.00	15.05	\$ 7,525.00	-2.46%	98	92, 60%	83, 23%	23, -2%
ARD	11/14/06	38.83	200	\$ 7,766.00	43.70	\$ 8,740.00	12.54%	99	92, 59%	92, 35%	66, 11%
CVO	11/14/06	19.90	400	\$ 7,960.00	19.88	\$ 7,952.00	-0.10%	75	84, 37%	40, 2%	17, -5%
TXCO	11/14/06	13.20	600	\$ 7,920.00	13.78	\$ 8,268.00	4.39%	26	97, 96%	86, 26%	81, 19%
AVCI	11/14/06	6.88	500	\$ 3,440.00	7.12	\$ 3,560.00	3.49%	75	89, 46%	76, 17%	5, -19%
MIG	11/21/06	10.43	700	\$ 7,301.00	9.75	\$ 6,825.00	-6.52%	81	85, 37%	86, 26%	13, -8%
HL	11/21/06	6.43	1,200	\$ 7,716.00	6.97	\$ 8,364.00	8.40%	42	94, 73%	89, 30%	55, 7%
PWEI	11/21/06	35.65	200	\$ 7,130.00	34.14	\$ 6,828.00	-4.24%	75	87, 41%	76, 17%	17, -5%
ATML	11/21/06	5.28	1,000	\$ 5,280.00	5.05	\$ 5,050.00	-4.36%	75	84, 35%	50, 5%	8, -13%

Value as of
 Total cost: \$ 62,228.00 12/1/2006 \$ 63,112.00 **1.42%**

Starting Values as of 11/13/2006 **\$ 100,000.00** Net Value **\$ 100,884.00** **0.88%**

S&P 500	\$ 1,384.42	\$ 1,400.63	1.17%
Russell 2000	\$ 772.41	\$ 786.12	1.77%
NASD Composite	\$ 2,406.37	\$ 2,431.77	1.06%

November Exits These are all Pre-Live entries

Stock	Date became active	Close on day active	>90 PRS_12 entry	> 60 PRS_6 entry	< 40 PRS_3 entry	Exit Date	Weeks Held	Close on exit date	Last PRS_12 < 75	Last PRS_6	Last PRS_3	% Gain /Loss
NATL *	9/25/2006	\$27.00	91	94	34	11/30/2006	9	\$25.27	74	61	12	-6.4%
PLCE *	9/18/2006	\$57.75	91	75	23	11/30/2006	10	\$64.43	74	55	68	11.6%
EXPD *	8/4/2006	\$41.29	90	81	17	11/30/2006	17	\$45.22	73	18	65	9.5%
BUCY *	6/19/2006	\$41.47	91	91	28	11/30/2006	23	\$42.70	72	12	5	3.0%
SKP *	5/10/2006	\$23.46	91	80	37	11/30/2006	29	\$26.35	72	65	63	12.3%
LMIA	2/23/2005	\$5.80	98	99	7	11/30/2006	92	\$17.12	69	15	10	195.2%
CME	3/3/2005	\$193.66	96	86	22	11/9/2006	88	\$495.29	73	66	49	155.8%
ATLS	5/13/2005	\$20.95	93	78	22	11/21/2006	80	\$47.18	72	50	39	125.2%
CCJ	5/16/2005	\$18.79	98	90	31	11/13/2006	78	\$33.45	72	16	6	78.0%
SYKE	1/20/2006	\$13.43	92	86	17	11/8/2006	42	\$17.25	59	61	8	28.4%
PWR	2/28/2006	\$13.68	92	77	20	11/7/2006	36	\$17.44	71	37	44	27.5%
CBJ	8/9/2006	\$3.25	92	80	33	11/9/2006	13	\$3.85	95	71	87	18.5%
SLXA	8/23/2006	\$8.50	92	75	33	11/2/2006	10	\$9.65	63	51	72	13.5%
ELP	5/12/2006	\$9.96	90	77	23	11/28/2006	29	\$11.00	74	88	42	10.4%
LIHR	10/3/2006	\$20.10	86	55	20	11/17/2006	6	\$21.62	75	49	16	7.6%
GOL	3/27/2006	\$26.84	93	94	15	11/22/2006	34	\$28.86	74	23	7	7.5%
GDI	7/17/2006	\$32.00	93	91	30	11/3/2006	16	\$33.00	77	20	9	3.1%
OXPS	5/18/2006	\$27.93	93	81	28	11/13/2006	26	\$28.55	74	36	47	2.2%
TTMI	7/26/2006	\$11.77	91	81	12	11/8/2006	15	\$11.85	76	9	56	0.7%
CAS	5/23/2006	\$26.56	91	84	22	11/14/2006	25	\$26.56	72	17	23	0.0%
MNKD	6/13/2006	\$16.85	93	94	20	11/29/2006	24	\$16.56	71	15	9	-1.7%
RTK	4/6/2006	\$3.95	96	92	16	11/8/2006	31	\$3.88	78	25	4	-1.8%
CC	9/15/2006	\$26.12	92	66	16	11/10/2006	8	\$25.65	76	19	45	-1.8%
R	9/13/2006	\$53.29	92	88	30	11/1/2006	7	\$52.20	72	45	42	-2.0%
STAK	5/11/2006	\$6.17	93	91	35	11/22/2006	28	\$5.88	66	36	60	-4.7%
BBD	4/28/2006	\$38.06	94	89	27	11/10/2006	28	\$35.95	70	42	55	-5.5%
BOOM	6/26/2006	\$32.00	90	59	35	11/2/2006	18	\$30.04	61	18	12	-6.1%
FORM	7/24/2006	\$38.84	92	95	40	11/28/2006	18	\$36.34	71	22	3	-6.4%
CNTY	9/1/2006	\$10.03	90	81	23	11/3/2006	9	\$9.35	64	31	7	-6.8%
PTSI	9/20/2006	\$26.54	93	78	38	11/6/2006	7	\$24.07	76	23	6	-9.3%
XPRSA	8/11/2006	\$20.50	91	91	32	11/14/2006	14	\$18.45	72	12	5	-10.0%
CYBS	10/3/2006	\$11.06	93	75	23	11/24/2006	7	\$9.88	72	44	9	-10.7%
AZPN	5/24/2006	\$11.39	96	94	41	11/22/2006	26	\$10.17	75	17	7	-10.7%
ITG	6/8/2006	\$47.13	97	79	34	11/3/2006	21	\$41.90	60	12	11	-11.1%
AE	7/24/2006	\$35.20	93	96	36	11/30/2006	18	\$30.29	73	33	3	-13.9%
ADM	9/8/2006	\$39.59	94	89	37	11/21/2006	11	\$33.70	75	11	4	-14.9%
ANN	9/28/2006	\$42.59	92	88	38	11/20/2006	8	\$35.93	54	30	10	-15.6%
EMIS	7/14/2006	\$6.82	95	73	32	11/8/2006	17	\$5.48	52	3	1	-19.6%
SIFY	5/5/2006	\$12.23	97	97	17	11/20/2006	28	\$9.82	78	28	60	-19.7%
MXWL	9/21/2006	\$20.78	92	84	49	11/2/2006	6	\$15.97	66	21	19	-23.1%
MERX	6/30/2006	\$10.97	93	94	22	11/9/2006	19	\$8.35	73	8	2	-23.9%
CBK	8/28/2006	\$25.65	92	87	32	11/30/2006	13	\$18.79	56	4	3	-26.7%
CIEN	6/1/2006	\$31.43	92	93	36	11/2/2006	22	\$22.12	69	13	9	-29.6%

* The top 5, with ** reached their exit criteria on 11/30, will record an official exit as of the close on 12/1

		Average for 37 positions: 10.5%	
26	Average Weeks Held	Sum:	397.7%

Exits:

Over the course of November 37 pre-live stocks reached our very simple exit criteria. In the Exit table 42 stocks are listed. The top five reached their exit criteria on Thursday November 30 and show their November 30th close. However, we can not calculate any PRS numbers until after the market closes. Therefore, we use the following day as the official exit date. All five stocks will count as official exits on December 1.

CBJ shows a last PRS_12 of 95. The company was bought out and stopped trading on November 9, 2006.

Of the 37 exits, none are post-live entries meaning all were entered before the first of November. There are two, CYBS, and LIHR, that became active in early October. Those are the two most recent actives that reached their exit criteria.

Conclusions:

In November we launched the Patterson Relative Strength Report with our first Monthly issue. Over the course of November we started publishing the Weekly Hotline Updates and in the middle of November we initialized our Model Portfolio. We continue to look for new positions to add to the model portfolio while closely watching the open portfolio positions. I anticipate adding more positions as the market continues working through the current consolidation phase.

We now have 17 post-live Open Active positions and as of the end of the month, all 17 remain Open.

While we may see the market struggle through the early portion of December, I am confident we will see a strong holiday shopping season, which should translate into a healthy economy. With a healthy big picture backdrop the market's prospects remain bright as we work towards the New Year.

Thank you and have a nice day

Jim Patterson

Editor and Publisher
Patterson Relative Strength Report

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