

Stock Traders Press

Volume 5 Issue 30



The rise of over 1,000 points in the stock market over the past week was not only a welcomed relief but quite impressive. While the question of whether last Wednesday established a bottom will be debated over the next several weeks, the breadth of the advance and the subsequent stock market performance suggests something more than a bear market bounce. Additionally, it should be kept in mind that the "bear market" is now 28 months old. It would appear that two essential conditions have been met in establishing a "bottom"; that being a sharp decline in prices to remove excessive valuations and time (usually 1 ½ to 2 years in duration).

We are of the opinion that a bottom has been established and anticipate the markets will gradually move higher as the economy continues to move forward. In this regard we recommend purchase of stocks that have dropped substantially in the market but have strong fundamentals.

We are reiterating the purchase of Ohio Casualty and Kemet Corp. At the same time we are maintaining our short sale recommendation of UAL, Inc.

Update – Strong Buy

Ohio Casualty (NASD) OCAS

Initiated Coverage

March 19, 2002

Company Data

52-week range	\$10-\$22
Market Cap	\$1.15B
Shares Outstanding	60.4M
Book Value	\$17.68
Price/Book	1.07
Average Daily Vol.	431,000
Target Price	\$25.00
Target Percentage	30.6%
Stop Price	\$16.00

Current Price \$18.85



Ohio Casualty- The company's program to weed-out unprofitable insurance lines and raise rates appears to be paying off. Recently, the company reported operating profits of 11 cents per share for the second quarter. This profit compares with a loss of 18 cents per share in the second quarter of 2001. We anticipate continued profit improvement as the company's program takes hold.

STOCKS THAT HIT TARGET

Company / Symbol	Rec Date	Rec Price	Day Hit	Target	Days Held	% Gain
Lockheed Martin (LMT)	7/24/02	\$57.00	7/30/02	\$65.00	4	10.2% @ \$62.80
Equity Office (EOP) (short)	7/16/02	\$26.50	7/24/02	\$22.00	6	13.4% @ \$22.96
AOL (AOL) (short)	7/19/02	\$11.80	7/25/02	\$10.00	4	20.3% @ \$9.40

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Update – Strong Buy
Kemet Corp (NYSE) KEM

Initiated Coverage
December 18, 2001

Company Data

52-week range	\$11-\$22
Market Cap	\$1.14B
Shares Outstanding	87.8M
Book Value	\$9.94
Price/Book	1.31
Average Daily Vol.	602,000
Target Price	\$23.00

Current Price \$13.10



Kemet Corp. – This company, which manufactures capacitors for a wide range of electronic devices, reported second quarter earnings of 4 cents per share. This compares with earnings of 15 cents per share in the second quarter of 2001. This earnings decline can be traced to the slowdown in the economy. **Kemet Corp. is a very well run company and as the economy improves so should the company’s profits.**

Update – Short Recommendation
UAL Corp (NYSE) UAL

Initiated Coverage
July 22, 2002

Company Data

52-week range	\$3.57-\$35
Market Cap	\$322.0M
Shares Outstanding	55.8M
Book Value	\$46.08
Price/Book	0.13
Average Daily Vol.	1.18M
Target Price	\$4.00
Target Percentage	28.6%
Stop Price	\$6.50

Current Price \$6.24



UAL Corp - Although UAL is the second largest domestic airline, the company has major problems and a case can be made that it may file for bankruptcy later in the year. The company has amassed substantial losses (\$54 per share) over the past 1½ years. The company has had 8 consecutive quarterly losses and has stated it will show a loss again next quarter. UAL has recently received multiple downgrades. The company has stated that it cannot access the capital markets without a government loan guarantee. **Sector peer Vanguard Airlines (VGDA) stopped operations today**, fired most of its 1,100 employees and will likely file bankruptcy. Vanguard, like United, needed assistance from either the federal government or the capital markets and no help was forthcoming. **UAL management has said they only have adequate cash to continue operating through the end of the year.**

Recent Recommendations

Company/Symbol	Recommend Date	Recommend Price	Price 07/30/02	Percent Change	Target Price	Target % Gain	Stop Price
Lockheed Martin (LMT)	7/24/02	\$57.00	Hit Target	10.2%	\$65.00	15.7%	\$53.00
Archer Daniels Midland (ADM)	04/16/02	\$13.27	\$11.50	-13.3%	\$16.50	24.3%	HOLD
Ohio Casualty	3/19/02	\$19.13	\$18.85	-1.5%	\$25.00	30.6%	\$16.00
SHORT RECOMMENDATIONS							
Beazer Homes (BZH)	7/23/02	\$57.85	Hit Stop	----	\$47.00	18.7%	\$60.00
UAL Corp (UAL) ***	7/22/02	\$5.61	\$6.24	-11.2%	\$4.00	28.6%	\$6.50
AOL Time Warner (AOL)	7/16/02	\$11.80	Hit Target	20.3%	\$10.00	15.2%	\$12.50
Equity Office Prop (EOP)	7/16/02	\$26.50	Hit Target	13.4%	\$22.00	16.9%	\$28.65

***UAL dropped as low as \$3.47 a few days after our recommendation date... active clients could have realized a gain of as much as 38% on this short if they had covered at that level!

Quote: "Life has no limitations, except the ones you make " – Les Brown