



TAIPAN

FORESIGHT

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INSIDE :

• **Cashing in on the Great Drought of 2002 . . .page 2**

• **Has the bear drowned in a sea of liquidity?page 3**

• **Carrizo up 44%, AOL down 30%—it's all goodpage 5**

• **These nurses have legs—and the right Rx for your portfoliopage 6**



Back to "normal"?

How the Bubble Legacy will create profit opportunities in the sideways markets of 2002

by J. Christoph Amberger

Assume, if you will, that you had fallen asleep in March of 2001 and, Rip Van Winkle-style, snoozed until March of 2002. (I know it's a stretch. But certain events... such as blunt-impact trauma or watching Dame

Judy Dench do "The Vagina Monologues," are rumored to have just that effect.)

You would have slept through the Recessionette of 2001-02. Missed 9/11 and its sledgehammer impact on world markets. And the Enron debacle, accounting jitters and all, would have occurred off your radar screen.

As you wake up, you find that the Dow's (again? still?) oscillating between 10,400 and 10,600, the NASDAQ between 1,800 and 1,900. And Hollywood clowns like Alec Baldwin are still nattering about the presidential election of 2000...

Of course, it's been a heck of a ride since last March. Markets plunged by 50%, only to rise 60-70%. A recession began a year before even the bean counters noticed it, only to "end" as Chairman Greenspan tapped on the microphone on March 7 to make the rumor official: "Economic expansion is already well underway, although an array of influences unique to this business cycle seems likely to moderate its speed."

Great expectations

Everything seems perfectly normal. The augurs at the Commerce Department reported that orders to U.S. factories rose by 1.6% in January—the third increase in the last four months. Transportation equipment rose 4.1%. Orders for cars went up 0.8%. (Good news for **Toyota (TM:NYSE)**, whose stock price briefly rose to over US\$59. Too bad we cashed out with 10% profits back in January!)

Orders for computers went up 4.8%. And—music to our ears—orders for semiconductors increased a whopping 14%. That's great for the tech sector in general... but particularly for those of you who followed our advice in the e-Dispatch and bought **TSM:NYSE** as a "right-time investment" proxy for the semiconductor market. As I type this, the stock is trading as high as US\$20.11, or 12.85% above our e-Dispatch entry price.

A veritable Mona Lisa of happiness was painted by the Institute of Supply Management (ISM), whose key gauge of manufacturing activity jumped to 54.7 in February from 49.9 in January, ending a continuous contraction that had lasted for 18 months.

Even the twin engines of economic stability, the American consumer's indefatigable urge to whip out his checkbook and her charge cards, appear to be well lubed: the Commerce Department said consumer spending rose 0.4% after a revised (and unchanged) December reading. Spending on construction projects even jumped 1.5% in January, the biggest gain in a year. Personal income also rose 0.4%, the largest upturn in eight months.

(over, please...)

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Back to normal

But before you grab your top hat and tails to jitterbug down the street, ask yourself what it actually means if the U.S. economy didn't go into a technical recession.

Not even terror and war could keep consumer spending from staying relatively strong throughout the downturn. (And after staying a steady spendthrift course throughout the chaotic events of the past year, I find it hard to imagine the American consumer ever trading in his or her ingrained proclivity for excess in favor of frugality.)

But can the consumer rise to the challenge of supporting 2% or better growth throughout 2002 and beyond? After all, with the stock market bubble showing no signs of re-inflating, any real gains would have to be based on honest-to-goodness earnings.

Not a chance. Corporate America has to help, either with an increase in capital expenditure or by improving profits. But the two seem mutually exclusive: in this recession, profitability—or at least decreasing losses—has been achieved by cuts in capital spending, by drastically slashing the workforce, and by eliminating fad and vanity projects.

The expected recovery in corporate earnings over the next three quarters will be modest. And consumer spending will remain a wild card in the equation.

Trampling out the vintage...

Even if the U.S. economy manages to pull out of the slump, what does “normalcy” mean to you and me as investors?

Let's not forget: the market we remember... that heady, sky's-the-limit bull market of 1995-2000... was a statistical aberration. A “normal” market, one devoid of speculative frenzy, is a dismal thing. Indices may fluctuate a couple of hundred points in any given direction. But at the end of the calendar year, the lucky ones may have 10% average gains to show for their patience and imperviousness to pain. Others will just about break even. The rest will lose steadily.

But I see good news ahead for Taipans. The legacy of the Big Stock Market Bubble will continue to provide opportunity. After all, it has left us with plenty of potential for debacle. There's Enron-style accounting... which appears to be taken straight from the business and expansion plans of the Internet wunderkinder. A whole generation of nomad MBAs and process managers trading up from company to company without ever attaining a grasp of their core business. And, most impor-

tantly, an army of amateur investors driven by the mercenary lust for easy wealth... and punch-drunk with the need to make up for the stomach-churning losses their portfolios have incurred since April of 2000.

Throw the typical industrial, economic, and business cycles into the mix, and you have the equivalent of TNT: powerful enough to implode entire sectors of the markets virtually overnight... yet laden with speculative profit potential for wily investors with a knack for picking the right time to buy (and sell!) the right stocks.

Grapes of Wrath II

Mother Nature is about to present one of these opportunities very early this year. Let me explain:

Ever since mankind climbed down from the trees, there has been a certain futility in talking about the weather. And yet, I feel inclined to talk about just that today. Because, as of late, there have been dreadful portents in my neck of the woods.

You see, Baltimore weather forecasters are ninnies. Their forecasts are wrapped in hyperbole and sensationalism. Every patch of morning mist harbors horrors reminiscent of John Carpenter's “The Fog.” Every snowflake hides the makings of a blizzard. And every drop of rain becomes a storm to be bemoaned as if it were Nature's equivalent of cod-liver oil.

But this last weekend, it rained. And not a single TV newscaster complained!

That's because Maryland is already feeling the first pangs of what is shaping up to be a major water shortage. Governor Glendening, having just bedded, knocked up, and then wed a thirtysomething assistant, is about to institute voluntary water restrictions for large parts of the state, which is already operating under an official drought warning.

And we're not alone. Drought conditions prevail in nearly a third of the United States. New York and Baltimore are already pumping water from temporary supplies that the resource managers usually don't like to touch because of their iffy color and taste. Wells in New England and Georgia are running dry. Southern California has had a feeble wet season. And in parts of the Midwest, ranchers have to decide between trucking water in or selling off cattle.

And all those water-guzzling trees and flora have yet to come out of hibernation...

According to the Climate Prediction Center of the National Weather Service, drought conditions now run along both coasts, “from Maine to Georgia and Montana to Texas.”

High and dry

The Drought of 2002 could turn into the story of the year. Not only because it will inevitably come to affect the prices we'll have to pay for our vittles this summer. It's a story of shrinking supply and increasing demand, plain and simple. Add a dash of speculative lust, and you have the makings of beautiful profits.

I asked my associates in the office this morning how they would play the situation, and this is what they came up with: **Western Water (WWTR:OTC)**. While most other water companies are trading at, above, or just a smidgen below their 5-year highs, WWTR is a penny stock.

As such, it has explosive speculative potential. When I first mentioned the stock in the e-Dispatch on March 4,

it was trading at 22 cents a share, and was among the few stocks that didn't participate in that day's rally. Just a day later, the stock opened at US\$0.32-0.35 and began a steep climb that resulted in an intraday high of US\$0.60 on March 6.

This, of course, was mostly speculative hot air. As you read this in the waning days of March, the picture will probably look quite different. And yet I believe this is one of the last undiscovered profit opportunities on the Drought of 2002. My associates agree that the stock has a medium-term upside of US\$1.50-2.00. Their recommendation: **Buy WWTR between US\$0.50 to US\$0.70 per share. But treat it as a "right-time" speculation, venturing only funds you can afford to lose.**

Dances with Bulls



by *Christian DeHaemer*

As I write this, everything hinges on whether or not we are out of the recession, or if we ever had one to begin with. I would like to state that I am bullish. Six of the ten leading indicators have come out positive in recent weeks. Most of these have to do with consumer sentiment, new

housing permits and the like.

These indicators are known and have been digested by the market. The big question mark until now has been the business side of it. More specifically, have inventories been worked off to the extent that retailers are ordering from the factory again?

The answer, according to this chart, is *yes, oh baby, yes!*

That is an outstanding bounce. Maybe all of that supply chain software hawked by the likes of Manugistics, ITWO, and PeopleSoft really does work.

Reason to be bullish number two: Stock fund flows

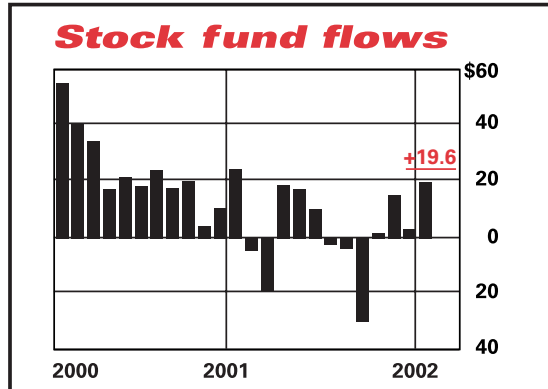
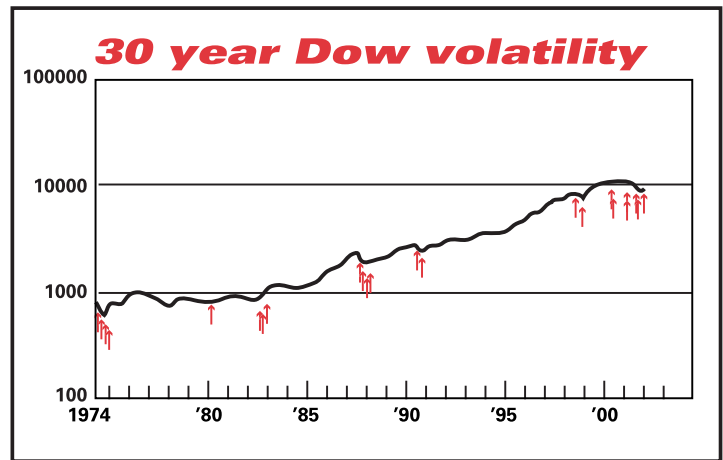
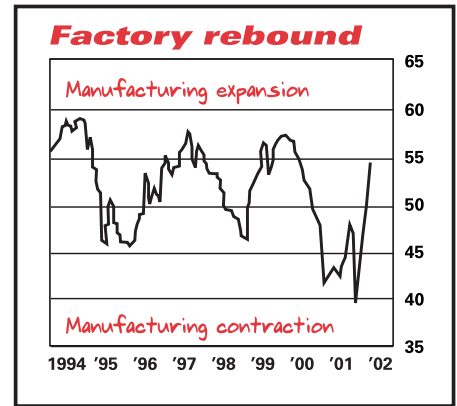
Investors are starting to put money back into the market. This is self-explanatory.

Reason number three: Technical

Like famed investor Brit Ryle is always sing-songing in his annoying falsetto:

"Volatility high, time to buy: Volatility low, time to go!"

This means, of course, that dramatic bounces in the indices point to a bottom. As you can see by this chart, periods of high volatility precede prolonged bull markets.



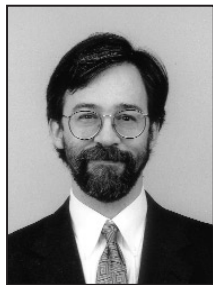
Christian DeHaemer's current Taipan portfolio:
up an average 17.1%

Sappi Ltd. (SPP:NYSE)	03-Jan-02	\$10.30	\$12.95	26%
Sasol Ltd. (SASOY:NASDAQ-SC)	03-Jan-02	\$8.50	\$9.82	16%
Icici Ltd. (IC:NYSE)	11-Jan-02	\$5.35	\$8.00	50%
South African Breweries (SAB.L:London)	25-Jan-02	R 470.00	R 481.92	3%
Abitibi (ABY:NYSE)	28-Jan-02	\$7.31	\$9.48	30%
Eastman Kodak (EK:NYSE)	28-Jan-02	\$28.71	\$32.20	12%
International Paper Co. (IP:NYSE)	28-Jan-02	\$41.67	\$45.54	9%
SBC Communications (SBC:NYSE)	28-Jan-02	\$35.55	\$38.81	9%
Exxon Mobile (XOM:NYSE)	28-Jan-02	\$38.71	\$43.45	12%
JP Morgan Chase (JPM:NYSE)	28-Jan-02	\$33.45	\$34.76	4%

as of 03/09/02

Four times the gains... at a tenth of the risk

Is this rally for real? Here's how you can find out without losing your shirt.



by Adam T. Lass

After months of doldrums alternating with moments of sheer terror, the market is suddenly hotter than a scotch-bonnet omelet. The NASDAQ's 2.5% one-day plunges are turning into 3% and 6% rocket rides straight up. Is this the end of the dark days, the close to the recession that wasn't?

In fact, the needles on many indicative systems are beginning to swing back into the green. My fellow analyst, Christian DeHaemer, lists several technical arguments for a lasting rally in this issue.

And while there may indeed be strong arguments that the market has "vanquished its dark side," I find myself unwilling to recommend putting any significant capital in stocks—especially in view of the strong possibility that even the most "trustworthy" players may be forced to restate their earnings at any moment, as investigators and forensic accountants scour the Street for signs of "Andersen" accounting methods.

Even my favorite technique for avoiding eccentric stock stories by buying only index vehicles like the NASDAQ 100 (NDX) or its more modestly priced kissing cousin, Nasdaq Financial Products Services, Inc.'s QQQ, won't protect you if this rally is interrupted by a sudden rerating of a heavily-weighted index component.

Simply put: *this stock market is too dangerous to buy—and too potentially profitable to ignore.* So don't buy stock. There's a better way to trade an overheated market, one that strictly limits risk and still gets you serious bang for your buck.

As I write this column, the QQQ is at US\$35.25. If you buy 100 QQQ shares now, you'd pay US\$3,525.00. If the QQQ goes up to US\$37.25 (1,500 on the NDX or roughly 1,870 on the NASDAQ) over the next 20 days, you'll make US\$225.00, a 6% profit.

Not too shabby. But you would have to risk 100% of US\$3,530 to do it, and do it about 18 times without a loss, to make that nut. A poor payoff for so much risk. That's what you're doing when you buy stock: risking every nickel for a potential payoff that may never happen.

Instead of putting everything on red like that, consider buying the QQQ April 35 call option (QQQDI, for those who are keeping track) at the money for US\$2.15 (US\$215.00). Now you own the right—but not the obligation—to buy 100 shares of the QQQ for US\$3,500 any time over the next 50 days or so.

That part about having no obligation is crucial. Because you are buying a call option contract, none of the myths you've heard about options players losing the family farm can possibly happen. This right is costing

you only US\$215, and that's all you can possibly lose.

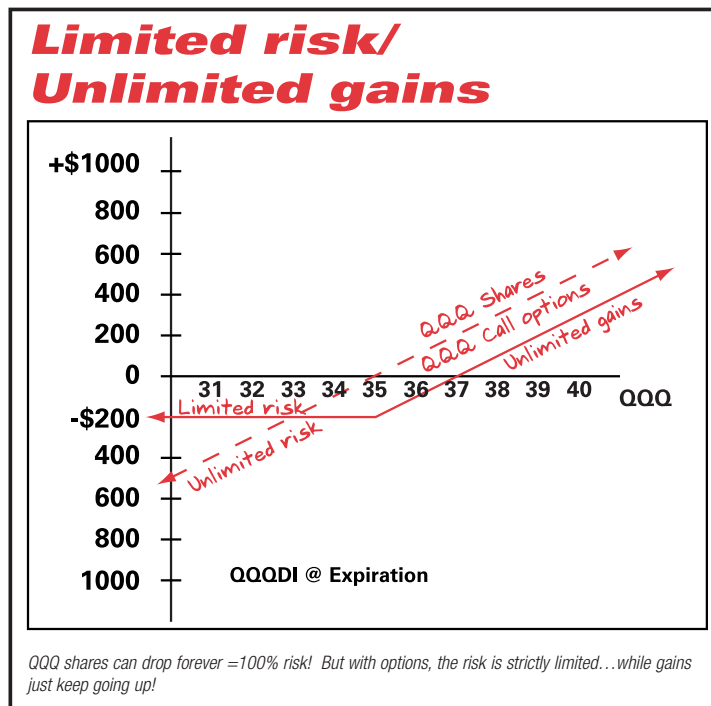
(In the chart below, your maximum potential loss is represented by the flat line at US\$2.15, while the loss that a stock purchase could incur is represented by the dotted line that keeps dropping toward zero—100% loss!)

This makes this play vastly safer than simply buying and holding stock.

Now play out the same scenario as before: the QQQ goes up US\$2.25 to US\$37.50 over the next 20 days. Your April 35 call option, which now enables you to buy 100 shares of the QQQ for US\$225 less than the current market price, should be worth US\$2.64* or US\$264—a 23% profit in 20 days while risking only US\$215, a minute fraction of the capital.

Another way to look at it: the same US\$3,500 (no, actually a little less: US\$3,440) you were willing to risk on a straight stock play to make US\$225, if placed on this call option play, would have netted you US\$784 instead.

*Note: that predictive calculation was done using a program designed by James Bittman, one of the top writers on options trading, and is available for free when you purchase copies of his invaluable books, *Options For The Stock Investor* and *Trading Index Options*. Similar calculators are available for free at the Chicago Board Option Exchange's website, www.cboe.com. Of course, real-time results may vary a bit from these calculators' predictions. For example, the QQQ shot up to 37.23 one trading day after I wrote this article, pushing the April 35 call to 3.30, a gain of over 53% in just 24 hours!



Quadruple the profit power, with minimal—and strictly controlled—risk. What’s not to like?

Okay, there is one small catch. While quite real, the option described in this play was “at the money.” That is, the option was not speculative. Rather, it was already worth money at the time of purchase. To actually buy options in this fashion requires timing that can’t be accomplished in a monthly newsletter.

So, I tell you what I’ll do. This issue of *Taipan* is

scheduled to arrive in your mailbox on or around March 25. On that date, I’ll post a new call option play on *Taipan’s* website, giving you complete details: numbers, prices—the works. And just to be sure you get it, I’ll remind you with a note in the 247profits e-Dispatch.

Next month: *Get paid to play* with “covered writes.”

For more information on options trading using Adam Lass’s proprietary WaveStrength™ analytical system, go to www.q-wave.net.

Sometimes, simple ideas are the best

by Adam T. Lass

Now that the non-recession is ending, the global economy’s thirst for crude oil and its essential byproducts is resuming:

- That last burst of arctic air drew down the oversupply of heating fuel in the North, while next summer’s A/C season looks to be brutal.

- Business travel and airfreight are both up significantly, drawing down kerosene supplies.

- Increased manufacturing orders are traveling to market via truck and train, so diesel sales are up.

- Thawing roads are leading to increased car travel, and SUV and truck sales still represent the lion’s share of state-side sales. In fact, even my local discount station

in a hideously depressed neighborhood in Baltimore is well over a buck a gallon now.

Lo and behold, our Oil-Spike Portfolio is in remarkably good shape. Our star, **Carrizo Oil & Gas (CRZO:NASDAQ-NM)**, is up 44% over our January entry point, while only three laggards, **Edge Petroleum (EPEX:NASDAQ-NM)**, **Houston Exploration Co. (THX:NYSE)** and **Tatneft (TNT:NYSE)** are still cheap enough to buy.

Taipan’s Oil-Spike Portfolio: up an average 14%							
Entry Date	Symbol	Status	Entry Price	Recent Price	Gains	Recent High	-20% Stop
01/17/02	Carrizo Oil & Gas (CRZO:NASDAQ-NM)	Hold	\$4.16	\$5.98	44%	\$5.98	\$4.78
01/17/02	Devon Energy (DVN:AMEX)	Hold	\$36.75	\$46.91	28%	\$39.62	\$31.70
01/17/02	Edge Petroleum (EPEX:NASDAQ-NM)	Buy	\$5.16	\$5.09	-1%	\$5.40	\$4.32
01/17/02	Houston Exploration Co. (THX:NYSE)	Buy	\$31.71	\$30.90	-3%	\$27.32	\$21.86
01/17/02	Key Productions (KP:NYSE)	Hold	\$16.10	\$17.90	11%	\$16.23	\$12.98
01/17/02	Newfield Exploration Co. (NFX:NYSE)	Hold	\$31.92	\$37.23	17%	\$34.17	\$27.34
01/17/02	Tatneft (TNT:NYSE)	Buy	\$11.35	\$11.18	-1%	\$11.87	\$9.50

My so-called “Goat of the Year” recommendation continues to tank... remain short AOL!

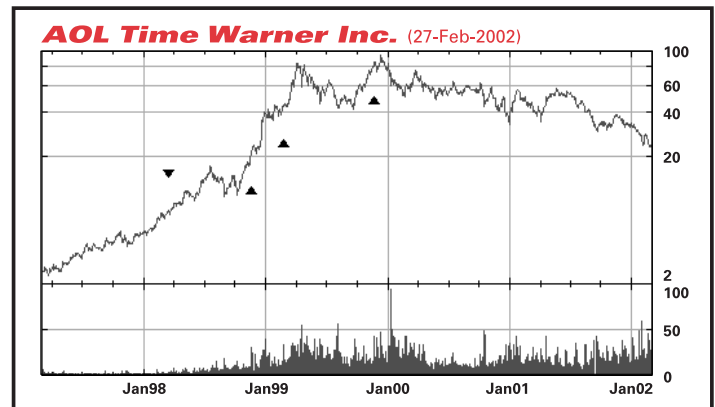


by Bryan Bottarelli

Although Adam’s and my trading services, *Q-Wave* and *X-Wave*, continue to pull winning short-term options plays out of this market, I thought I’d take a step back from “options talk” and give you an update on two of my 2002 *Taipan* Forecast Issue recommendations. I’ll keep it brief...

Love it or hate it, the first update comes in the form of **America Online (AOL:NYSE)**. On December 24 (the date the 2002 *Taipan* Forecast Issue hit your mailbox), I dubbed AOL my “*Goat of the Year*” (p. 26). At the time, it was trading for US\$32.50 a share. If you took the hint and shorted AOL, you’re now

sitting on a 35% gain as it continues to obey the powerful downtrend.



As of this writing, AOL trades for US\$24.50 a share, and a quick look at the 5-year chart shows that a “true” bottom can be found at US\$18. I personally believe that AOL’s pompous attitude about controlling every aspect of the Internet will soon blow up in their faces, as average web-browsing customers become more independent... and less reliant on AOL to hold their hands.

Remain short AOL for more gains.

Lower ad revenues and decreased market share for live sports programming is sweet news for PVII

My “Speculative Stock of the Year,” **Princeton Video Image (PVII:NASDAQ)**, remains a nice little 8-month lottery-ticket-style investment. It’s currently hovering around US\$2.00 a share.

These guys digitally insert product ads into live or syndicated television. Their claim to fame is the yellow “first-down” marker they insert during live football games, but they’re got a lot more on their plate than the yellow line.

PVII can project product advertisements into broadcasts of any sporting event or TV show. For example, as you’re watching *Seinfeld*, you might see a Coke can sitting on Jerry’s coffee table that wasn’t in the original

episode. Or, during a broadcast of a Chicago Cubs game, you might see a Fuji Blimp sailing around Wrigley Field that the Old Style-guzzling bleacher bums never see (not because they’re getting tanked up in honor of Harry Carey and can’t see straight... but because in real life the blimp was never there!)

Both the Fuji Blimp and the Coke can are examples of PVII’s digital product placement... which I feel represents the advertising revenues networks will be pursuing in 2002. As the ratings of live sporting events continue to decline, so do advertising revenues. This will force networks to look for new ways to boost the bottom line, and I think PVII will be one of their first stops. (Sure, littering ads all over TV like this cheapens a network’s image... and runs the risk of making it look like a NASCAR racecar with ads plastered over every square inch. But NASCAR is one of the few sporting events actually gaining market share, so I guess you have to follow the money, right?)

Esthetically pleasing or not, Princeton Video Image (PVII:NASDAQ) is one “big network” client away from a price re-rating. I’m betting it will come sometime this year. As a speculative play ahead of this news, PVII remains a buy at US\$2.00 a share.

Nurse your portfolio back to health!



by *Siu-Yee Ng*

It’s a tough labor market. My brother finally found a job. It took him five months. College degrees are a dime a dozen these days. And that piece of paper that you worked so hard for will no longer guarantee you a job. For many job seekers, temp work is an option. It offers schedule

flexibility and money to pay the bills.

There are a ton of different reasons why people temp rather than getting full-time jobs. Some do it because they enjoy hopping from job to job. Some like it for its flexible schedule. And others like the pay.

We all know there’s a nursing shortage. And finding a job in the profession is not difficult. But my friend who’s a nurse decided to temp. The hospital has offered her a full-time job several times, but she prefers temping. Why?

Quite simply, flexibility. Temping allows her to make her own schedule. Her pet peeve was working nights and weekends. And the pay was better also. Mind you, she did give up benefits such as health insurance and 401(k) plans. But this didn’t matter.

You see, she’s young and doesn’t mind forgoing the benefits to maintain her flexible schedule and increased pay. Others may already be on their spouses’ health insurance. So the extra benefits are not a factor. But flexibility is important, especially if kids are in the picture.

In a minute, I’ll tell you about the largest provider of

per-diem nurse staffing services in the United States. This company has been around since 1998, and recorded over US\$338 million in 2001 revenues! More about that later.

Nursing shortage

The lucrative nurse temping agency market comes back to supply and demand. There’s a shortage of nurses, but an increase in demand. And because nurse temping agencies offer higher wages, the number of professionals choosing temporary work has increased.

And it doesn’t seem that this trend will slow anytime soon. According to *The Staffing Industry Report*, the temporary medical staffing industry generated US\$7.2 billion in revenues in 2000 and was projected to grow to US\$8.7 billion in 2001, a growth rate of 21%.

Think about it. The aging of the baby boomers continues to drive the demand for healthcare professionals. So why aren’t there more nurses out there?

Maybe because it’s stressful, nonstop and very demanding. There’s a decline in nursing school enrollments. The burnout rate is extremely high. And the profession just doesn’t get enough respect.

Nursing is not for everyone. Nurses continue to retire, while nursing enrollment continues to decline. The size of the nurse workforce is expected to fall nearly 20% below requirements by 2020.

In turn, healthcare providers have increased their use of temporary medical services to meet their staffing needs.

Calling all nurses

It makes sense for healthcare providers to use temps. Because there are always fluctuations in healthcare needs, it may be more costly to keep a full staff. Why not just add people when needed without having to worry about offering them benefits?

Many hospitals and healthcare facilities in places like Florida use temps to adjust their staffing levels to accommodate seasonal changes in demand.

I was in Florida this week talking to a head nurse at Orlando Hospital. He complained about the number of shifts that are left unfilled. This leads to low morale at the hospital. Nurses are forced to take on more patients than they can handle. Hmm... that might explain why the hospital was recently in the news because of a botched surgical operation.

Point is, this 31-year-old is already sick of the profession. He complains about the low wages, stress, and lack of respect. In the next few months, he plans to go work for a temp agency.

Government watchdog

The demand for temporary nursing services could increase even more because of state legislation. States like California have already mandated a minimum nurse-to-patient ratio. Others are eliminating required overtime for full-time nurses. To meet these new staffing requirements, healthcare providers are increasingly turning to temporary medical staffing.

And there's one temporary staffing agency to keep an eye on. **Medical Staffing Network Holdings, Inc.** places its professionals, predominately nurses, at hospitals and other healthcare facilities. Medical Staffing Network may be the largest temporary medical staffing company in the United States.

As of December 30, 2001, Medical Staffing Network had 136 per-diem branches in 43 states. It works with over 7,000 healthcare facilities. The company's database contains profiles of over 25,000 active professionals. That's an 89% rise since December 31, 1999.

There are two major components of the temp nurse staffing market: per-diem nursing and travel nursing.

Carpe per diem

The per-diem industry assigns healthcare professionals for terms ranging from a single shift to 13 weeks. These short-term assignments are used to meet local labor shortages and openings caused by holidays, vacations, illness and staff turnover, as well as daily and seasonal fluctuations in hospital volume.

Per-diem nurse staffing accounted for 57%, or US\$4.1 billion, of the revenues generated in the temporary medical staffing industry in 2000. In 2001, 75% of revenues were derived from per-diem placements.

For the per-diem staffing model to work, there needs to be a local presence in every market served. It makes sense. Short-term staffing needs are typically filled on a local basis, and are dependent on the relationship that

exists between branch offices, professionals, and the healthcare facility.

And that's exactly how Medical Staffing Network is growing. Since 1998, the company has opened 100 new offices, which it calls de novo branches. It opened 64 of them in 2001. And these investments are paying off. The 30 de novo branches opened in 2000 generated US\$48.9 million in revenues in 2001.

Pack your bags

I've already written about traveling nurses in my **Cross Country (CCRN:NASDAQ)** article. Most of Cross Country's revenues are generated by its travel nursing business. Why? Because it's a US\$1.2 billion industry!

Healthcare facilities hire travel nurses on a contractual fixed-term basis to meet seasonal fluctuations in hospital census levels. The contract could last several weeks to a year, but 13-week assignments are typical.

Medical Staffing Network's travel nurse operations accounted for 8% of its 2001 revenues. It has provided travel nursing services to over 1,000 healthcare facilities.

Its allied healthcare staffing division, which represented 16% of its 2001 revenues, specializes in providing allied healthcare professionals to hospitals, nursing

Updates:

WCI Communities, Inc. plans to debut during the week of March 11. It has yet to set a price, which leads me to believe that the offering may be bumped back a week or two. I'll keep you posted. The proposed ticker symbol is WCI.

Anteon International Corp. is set to debut the same week. I expect it to perform well right out of the gate. By the time this issue hits your mailbox, we should have a better picture of its aftermarket momentum. The proposed ticker symbol is ANT.

ChipPac, Inc. (CHPC:NASDAQ) is rebounding with the market. For the past month, institutions were responsible for 74% of its trading volume. And they were buying. If ChipPac can break its resistance at US\$10, then the stock will go higher. If not, then sell at US\$10 for a 17% profit.

China Petroleum and Chemical Corp. (SNP:NASDAQ) is up 14% since I recommended it in the March issue. We're right at the US\$16 resistance level. If it breaks through, then the stock will go higher. Continue to hold.

Watchguard Technologies, Inc. (WGRD:NASDAQ) hit Taipan's 20% stop-loss. For those who are still holding, there is a chance for you to sell in a rally. Watchguard will need to bounce off its support at US\$5 for the stock to rally.

Flag Telecom (FTHL:NASDAQ) was unfortunately hit after the Global Crossing debacle. To minimize your loss, remember to follow Taipan's 20% trailing stop rule.

homes, clinics, and surgical and ambulatory care centers, both on a per-diem and on a travel basis.

The company's allied healthcare business may be the largest in the country as measured by revenues. Allied specialties that it staffs include diagnostic imaging and radiology technicians, clinical laboratory technicians, and pharmacists. It currently provides allied staffing to over 400 healthcare facilities.

As you can see, Medical Staffing Network's market niche is its per-diem staffing business, whereas Cross Country decided to focus on the traveling nurse market. This shows that the management team is well focused on the business that generates the most revenues for the company.

Leading the pack

Medical Staffing Network has a strong management team with a lot of medical and temporary staffing experience. There are only a handful of public healthcare staffing

companies, two of which successfully debuted in 2001.

Cross Country, Inc. (CCRN:NASDAQ) raised US\$125 million on October 25, 2001, while AMN Healthcare Services, Inc. (AHS:NYSE) raised US\$170 million on November 13, 2001. Medical Staffing Network Holdings, Inc. plans to raise US\$144 million in April 2002 under the proposed ticker symbol MSNH.

Medical Staffing Network will benefit from its competitors' successful IPO and aftermarket performance. Both Cross Country and AMN Healthcare are up over 50% from their IPOs.

The underwriters are Lehman Brothers, Inc., Deutsche Banc Alex. Brown, Credit Suisse First Boston and J.P. Morgan Securities, Inc.

For more information on Medical Staffing Network Holdings, Inc., contact Investor Relations, 901 Yamato Rd., Ste 110, Boca Raton, FL 33431, tel. 561-226-9000 or toll-free 800-814-0203, fax 561-226-9001.

New Zealand Investment Safari

April 7-19, 2002

by Siu-Yee Ng

Imagine yourself at lunch in a vineyard: a long table set in a grassy clearing and shaded by two ancient trees, a white linen tablecloth billowing gently at the edges, three wine glasses at each place setting.

The food arrives, one elegant course after another... a green salad tossed with fruit and fresh local cheese... lamb cooked to perfection on a bed of rosemary... a warm, baked dessert topped with berries and chocolate... and wines to savor with each dish.

That's just one of the wonderful meals we've arranged for a small group of travelers to enjoy. Throughout the expedition, we'll dine extravagantly and sleep in luxury. We'll visit a working sheep station and a famous waterfall, walk along beautiful ocean beaches, and enjoy some of the world's most spectacular scenery.

But that's only part of the reason we're going. You see, in this Pacific-island paradise, the economy is booming. Here, you'll pay no capital gains taxes... live for half of what it costs you back home... and discover some of the best real-estate and investment opportunities anywhere.

You'll hear from realtors, bankers, immigration consultants, and financial analysts about the country's best opportunities. James Dale Davidson, former editor of *Strategic Investment*, will meet up with us during the tour and tell you why he and the late Jim Blanchard bought 5,000 acres on the North Island, including sixteen miles of beachfront... and how they turned it into a profitable business.

This is truly a once-in-a-lifetime opportunity to find out about a uniquely beautiful land, rich in opportunities, from the very top experts in the country. It just doesn't get any more "inside" than this.

For details about the day-by-day itinerary and to

sign on, contact Agora Travel and Conferences at 800-926-6575, or email Tours@InternationalLiving.com.

Join us at Agora's Wealth Symposium, August 14-18, 2002, at the Palace Hotel, San Francisco, California

Why? Because experienced investors know that troubled markets aren't the end of the world. People who have been down this road before know that someone is always making money, even in the bleakest of markets, and they're eager to find out how they can do the same—not next year, but starting right now.

Whether you're a bull or a bear by nature, you'll find this year's conference to be a breath of fresh air, with dozens of solid ideas to jump-start your profits.

This is your chance to meet, mingle with, and learn from the brightest minds in the investment world. At this exclusive conference, you'll have access to experts who are experienced at navigating rough markets—and who have recently posted outstanding track records. Although we can't predict exactly where the markets will be next week or next month, we know things will be extremely volatile for the foreseeable future.

Right now, our panelists are monitoring every event in the world markets and helping us plan several courses of action for building and protecting wealth—accounting for all the possible outcomes.

Space is limited, so we'll need to hear from you soon.

For more information, please contact Agora Travel and Conferences at 235 NE 4th Ave., Suite 102, Delray Beach, FL 33483, tel. 800-926-6575 or 561-243-6276, fax 561-278-8765, email tours@gate.net. (Don't forget to ask how you can save up to US\$300 by registering early!)

Momma said there'd be days like this:

How to make profits in volatile markets



by Briton L. Ryle

"Anyone taken as an individual is tolerably sensible and reasonable—as a member of a crowd, he at once becomes a blockhead."

—Friedrich Schiller

Despite a two-year bear market that's claimed trillions of dollars in casualties, most investors still believe that stocks can make them rich.

And here's the rub—I agree with them. Stocks can make you rich. There's plenty of evidence that this is true. But it all depends...

The point where most investors start to lose their grip on reality lies in their acceptance of buy-and-hold investing as an eternal truth. "Pick good companies and hold them," you hear. Or, one of my favorites, "Don't try to time the market."

Historically, this is something that cannot be dismissed outright. If you have the luxury of an investment horizon that spans economic cycles in a grand sweep of thirty or forty years, all those "10% average returns on investment per year" math games that Human Resource people trot out at 401(k) enrolment time are valid.

But what if your retirement happens to fall into "one of those" years? You know what I mean: years like 2000 or 2001, the years that are responsible for depressing the historical average down to 10% by forcing investors to hand over 20-50% of the value of their entire portfolios in a single year?

The madness in the method

According to mainstream Wall Street wisdom, holding on to stocks between March of 2000 and the present, as the NASDAQ dropped 60%, was still the right thing to do. And if you didn't make any money in that time, it's because you were holding the wrong stocks.

Now, it is a matter of statistical fact that 70% of all stocks tend to rise when the market is rising. But 90% of them fall with the market. So, if you believe you lost money in the markets because you were holding the wrong stocks, I'm sorry, but it's not the stocks' fault. It's the buy-and-hold strategy, which is not-so-subtly thrust on investors by analysts, retirement plans, and the tax code.

Why do fools fall in love?

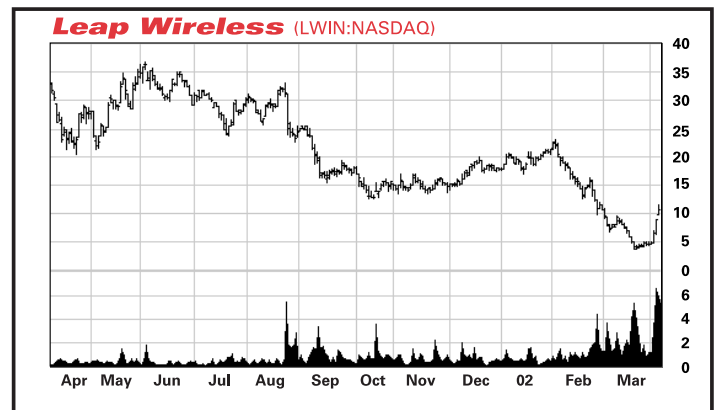
One of the biggest mistakes investors make is confusing a company with a stock. Companies sell things. Stocks go up and down in price. And how good a company is at selling things often has little to do with the

price of the stock.

After all that... I want to tell you about a stock that I absolutely love. The company is **Leap Wireless (LWIN:NASDAQ)**. It's a Qualcomm spinoff that offers flat-rate local wireless calling in mid-sized urban markets. The company's goal is to offer an affordable alternative to landline telephones. And it's working. Subscriber numbers already exceed expectations, and revenues are beating forecasts.

And you know what?

Everything I've just told you is completely irrelevant. I couldn't care less. All I care to know about this stock is plain to see in the chart.



TNT on PMS

LWIN is a very volatile stock. It can move 20% and more in a single day. You may not know it, but I'm the chief trading strategist for the *Taipan Trader*. My traders were holding LWIN on March 5 when it jumped nearly 40% in a single day. We held the position a total of 8 days. Some *Taipan Traders* emailed me to say they had made over 100% gains on this one. I also traded it back in the fall of 2001 for a 45% gain.

Buying stock and making money

Now, I've done pretty well for *Taipan* members with gains like 167% on **Hanaro Telecom (HANA:NASDAQ)**, 50% on **Crown Cork & Seal (CCK:NYSE)** and another 40% on **Brilliance China (CBA:NYSE)**.

But our *Taipan Trader* track record is even better. Since August, I've closed 31 trades for an average gain of 27% each. Now, I'm not telling you all this to brag (OK, maybe a little). I'm telling you this to show you that, in markets like those we've been dragging through lately, trading stocks is where you make the really big money.

On any given day, there might be 15 stocks (or more) that move 20%. Another 50 might make 10-15% moves.

Of course, not many traders can nail one of these every day. But one a week is absolutely doable. And if you can make 20% a week, even 10% a week, you'll blow every mutual fund in existence out of the water.

So here's what I'm going to do. I'm going to offer up two stocks that are ideal trading candidates. Each one can move 25-40% in a matter of days. The stocks are **Sonic Solutions (SNIC:NASDAQ)** and **Foster-Wheeler (FWC:NYSE)**.

Get the Trader's edge

I'm not going to give you a detailed analysis of either company's financials. The important fundamental information can be summed up briefly: Sonic makes DVD authoring software and has signed up a whole string of blue-chip licensees. More good news is inevitable, and will drive the stock at least 20% higher in a single day.

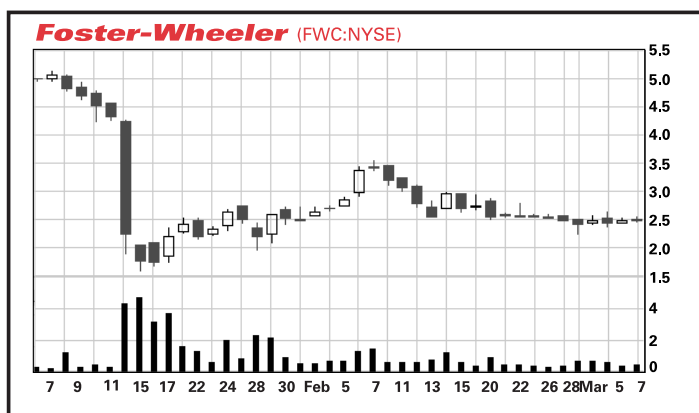
In fact, over the last three months, Sonic has jumped 20% or more overnight seven different times. It's jumped 15% overnight another three times. Ten different times since December, that is, Sonic could have made you at least 15% in 24 hours.

Foster-Wheeler builds power generation plants for utilities. It's not quite as volatile as Sonic, but you can still make some good quick gains with it. Since mid January, it's made two overnight gains of better than 20%. And another 7 times it's done 10% or better overnight.

The game plan

I could just throw these stocks out there and let *Taipan* members go at it. But that wouldn't be very sporting. There's no way to know where the stocks will be priced when you get this. And trading stocks is time-sensitive.

Here's where modern communications technology comes in. To make sure you get the optimal entry point for these trades, we are going to broadcast them in three different locations:



1. In the daily *Taipan Group's 247profits e-Dispatch*. If you don't already receive this free perk to your *Taipan* subscription via email, you should! (Just sign up for it at www.247profits.com.)

2. On the *Taipan* homepage at www.taipanonline.com.

3. Plus, as a backup to both, the trade will also be posted on www.247profits.com.

Over the next three months, we should easily be able to squeeze a couple of 20% gains out of each stock. And that will put you well on your way to making 2002 as profitable a year as possible.

Oil and War:

Why war in the Gulf will spell profits for our Taipan Dragon play on oil!

by Briton L. Ryle

President Bush is getting pretty good at playing the global leader game. On the one hand, he's taken America back to the good old Cold War days when there was a real enemy we could rally against.

And he's politicized the battle lines enough so that a country risks getting tagged as part of the Axis of Evil if it protests the recently imposed steel tariffs.

On the other hand, he's made nice with two of our historic nemeses, Russia and China, in order to shift the balance of petro-power away from OPEC. China's just

agreed to continue letting our genetically engineered soybeans in behind the Red Curtain.

I don't know why China would agree to this. But I have a feeling it has to do with oil prices. Oil prices are rising because President Bush seems intent on carrying on a tradition from the last two administrations—bombing Iraq.

And US\$24-25 a barrel for oil is good for both the U.S. and China. Especially when the net result is that the world buys less oil from the Middle Eastern OPEC countries. Higher oil prices temper the U.S.

dollar's strength, which in turn can help U.S. multinationals' profit margins.

US\$25 a barrel also helps the bottom line of integrated oil companies like **PetroChina (PTR:NYSE)**. In the U.S., government officials go to great lengths to hide any ties with big oil interests. In China, big oil is the government. PetroChina is state owned and operated.

We recommended you buy **PTR:NYSE** in the December 2001 Forecast Issue of *Taipan*. Which means that between then and January 2, you could have picked up the stock between US\$17.80 and US\$18. Several catalysts are lining up that should send PetroChina toward US\$25 a share. Number one is oil prices. At US\$25-26 a barrel, PetroChina could match the US\$6.7 billion in profits it logged in fiscal

2000 (that's about half of Exxon-Mobil's annual net profit, yet Exxon is 86 times more expensive).

Number two, the leading refinery company in China, Sinopec, has agreed to buy more crude from PetroChina. This automatically means less imports from OPEC and growing revenues and profits for PetroChina.

And number three, with the profit picture in place, there's a much better chance that PetroChina will pay its nearly 10% annual dividend.

I believe the possibility that the dividend might be suspended has been weighing on the stock. PetroChina is still one of the cheapest major integrated oil companies in the world. It pays a huge dividend, and could easily trade at US\$25 in the near future. You can consider the dividend check an added tax refund from President Bush.

TURF WAR PROFITEER

And I dub thee: Sir Non-Slot.



by *Jay Salomon*

When is a slot machine not a slot machine?

When the Attorney General of Arkansas says it's not.

Right now, a joint venture between AmTote International Inc. (a major supplier of tote systems) and RaceTech LLC is producing significant profits with the state's blessing—and promises a windfall if such slots-recalcitrant states as Oklahoma, Florida and Maryland (not to mention California) come on board.

Quick profits from Instant Racing?

The reason for the legal determination that "Instant Racing" (as the game is called) is not a slot lies in an interesting interpretation of the law. The machines are all linked in a common pool so that a willing state authority can proclaim them a "pari-mutuel" operation—and that is the precise kind

of wagering allowed at race tracks in every state where gambling on traditional races is legal.

Currently, Instant Racing is only available at two outlets, both in Arkansas: Oaklawn, a thoroughbred track, and Southland Park, a greyhound venue. In the case of Oaklawn, it has meant financial salvation. This track, once one of the staples of American racing, had fallen on hard times. Traditional slots in nearby Louisiana have rejuvenated the moribund Fair Grounds, which runs a schedule similar to Oaklawn's. As a result, some of the best stock in Arkansas was lured to Louisiana by the substantially higher purses. And the legalization of racing in Texas produced another stalwart competitor in Lone Star Park, just outside Dallas. The absence of a grass course further deprives Oaklawn of a substantial number of runners.

But the advent of Instant Racing has been such a success that purses have increased substantially this winter (the

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meet runs from late January through early April), even though only 60 machines are operating at the track and hours are limited.

High-tech horsies

At the outset, Instant Racing was ballyhooed as a marriage of horse racing and high tech. The joint venture owns a pool of around 50,000 videos of races, and these form the basis of the games. While it is true that players can find a correlation between the races and the outcome of the game, the connection is muted. In fact, the games themselves, as presently constituted, are a bizarre mélange of video racing and traditional slots.

But, as anyone who has visited a slots parlor can testify, players don't seem to care what the game is—so long as the traditional bells and whistles keep peeling and tooting.

And these machines provide decibels as deafening as any traditional casino or gaming center.

The only real downer for a slots lover is that these are "Video Lottery" games and pay off in vouchers—no jingling quarters or silver dollars. But states that began their slots operations profitably with VLTs have seen really substantial revenue growth once the traditional machines were authorized. AmTote will certainly try for the conversion.

While the joint venture is private, opportunities may still exist for risk-takers to cash in elsewhere—and AmTote itself might be approachable to substantial investors. The company is located in Hunt Valley, Maryland, and was the originator of Totalizator wagering, the only kind permitted at all American tracks.

Taking a cut

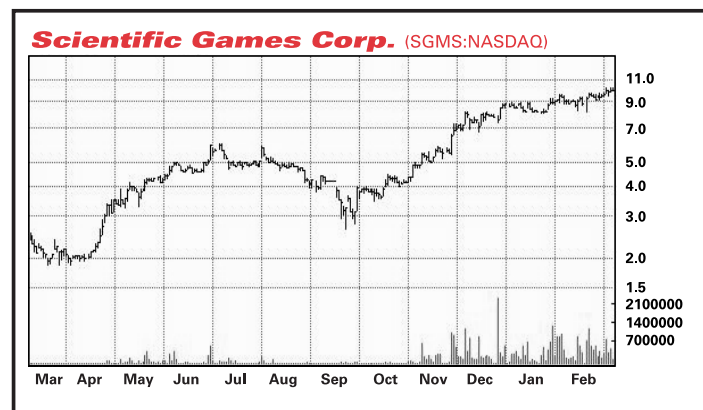
Here's how you might be able to cash in on the concept by other means: AmTote has a solid bunch of competitors, and one or two will likely get into the action if Instant Racing continues to show promise. The most prominent is **Scientific Games Corp. (SGMS:NASDAQ)** and its Autotote subsidiary. This company, recently rumored for takeover, may be a bit pricey at present—but is definitely worth keeping an eye on for growth well beyond a possible foray into the Instant Racing concept. Autotote supplies pari-mutuels to many of the nation's leading tracks, and could possibly force its customers away from AmTote's new game, especially if it develops its own version. Scientific Games is highly regarded, as well, for the depth and innovation of its lottery games. This is a dynamic and clever operation.

Another potentially powerful competitor could be **International Game Technology (IGT:NYSE)**, the leader in slot machines. This company, now trading for even bigger numbers than Scientific, may have a special interest in new customers like race tracks, because of a fear that casinos could cut back on the company's most

profitable machines (currently leased or given to casinos in exchange for a cut of the profits).

The key to any investment in this fledgling gambling operation is the willingness of non-slots states to declare schemes such as Instant Racing to be tote-based, and thus legal. If this happens, the huge returns from the meager number of machines currently operating in Arkansas suggest a potential windfall in major population centers like California, Florida and Maryland.

Meanwhile, a quick update: in the October 2001 edition of *Taipan*, I suggested you buy **MGM Grand (MGG:NYSE)**. We marked two official entry points in September, and on December 18 we took profits of 26% and 73%, respectively.



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