

Thank God It's Thursday!

April 9, 2009



Wells Fargo shined on Wall Street heading into the long weekend. When you have good news these days, you don't want to keep it a secret, and Wells told the world that they were in better shape than expected. Translation, if they're in better shape, then chances are other banks are too. And the Market ripped higher. Even though the economic backdrop remains somewhat cloudy, the market is saying things aren't nearly as bad as feared 4 short weeks ago. Remember, the market is not always correct, as evidenced by the past 18 months of trading. Things seem to be getting better.

Today's market activity is a positive indicator that we may have averted disaster. Many of the FED levers have been pulled and are beginning to work. You CAN make money buying stocks again, WHEN this Market stops going down. This begs the question: Is this the beginning of a new Bull Market or are we merely getting sucked into another Bear Market rally that will be short lived? Too early to tell, but the strength of the last few weeks has been impressive. Every time it appears to be running out of steam, sell-offs are stalled by large buying programs and the very size of some of these programs suggests that we could go higher.



The Market will begin to digest this historic rally pretty soon. The DOW has climbed 25% in exactly 30 days. Taking it a step further, this was the 5th consecutive weekly gain, the first time it's happened since October 2007. We have taken great comfort in the Market's reaction, but we also realize that the road to recovery will not be an easy ride.

Earnings season will hit full stride next week, and expectations are horrific. We expect many companies to throw in the kitchen sink just to get it out of the system. This might cause some quick profit taking, and test investor psyche. But remember, they will be reporting data for last quarter which ended March 31st. This will all be in the rearview mirror. When stocks go higher off bad news, it should be interpreted that news is becoming less-bad. The Market will be decisively higher by the time news turns rosy.

What appeared to be landmines all around us 4 weeks ago have turned out to be candy Easter eggs. The Market is closed tomorrow in observance of Good Friday. We hope you have a nice 3-day weekend. We will be back early on Monday.

Happy Easter & Happy Passover!  
By: Mike Frazier