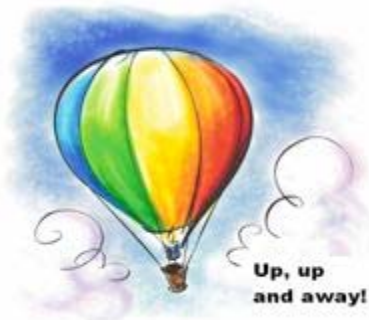


Thank God It's Thursday!

June 5, 2009



Sell in May and go away? Not so fast. The Market started off in June where it left off in May, very strong and resilient - in fact 11 of the last 13 weeks have been positive. Quite a difference from 2008.

The S&P and Nasdaq are trading in positive territory for 2009 and the Dow closed just 13 points shy of its positive mark.

We entered the week cautious in the face of General Motors' expected Bankruptcy on Monday morning. The Market shrugged off the news and kept going higher, pushing through key resistance and the 200 day moving average. This is the first time we have been above the 200-day since December of 2007. This is big stuff.

Friday's jobs number came in much better than ever expected, with 345,000 jobs cut in May. This is the lowest job cut dating back to last September and marks the 4th consecutive month that the pace of losses has slowed. This had many calling an end to the recession. Regardless, these steady improvements continue to support the notion that we are well on our way on this road to recovery.

Despite the fact that actual demand has not increased, the price of oil has gone vertical making a run to \$70 per barrel. It has more than doubled from the December low. The reason for the climb is two-fold: expectations of rising demand and the US Dollar decline. Across the board commodities have surged for these reasons.

That leads to another hot topic: Interest rates. Treasury yields have risen to the highest rates we've seen since last November. Longer dated rates start to rise as investors anticipate a stronger economy. Investors start to sell Treasuries, pushing down prices (increasing yields) as they rotate into equities or corporate bonds. This can also be viewed positively as it means investors' appetite for risk is increasing from the once panicked state. However, this steep rise in interest rates has some drawbacks, as it makes it more expensive to borrow money.

High interest rates combined with high oil can hurt an economic recovery. It would put additional pressure on the housing market and curb growth. This Bull/Bear debate will continue and we will be monitoring it closely.

By: Mike Harris