

**Thank God It's Friday!**

**August 14, 2009**



Today is the first day of football in San Francisco.

Sure, it's only the pre-season but our mighty 49ers will take the field tonight as though it were the Super Bowl. Why? Their Coach Mike Singletary (left) has made it abundantly clear that he'll be counting each sack and each tackle not simply the scoreboard. Measuring this nascent team against our Super Bowl dynasty of the 1980's is pointless. Coach is looking for the basic football skills to improve. It's a new team and a new beginning without lofty playoff expectations, yet fiercely determined to improve while racking-up more wins than last season.

The 49ers' situation closely mirrors what the stock market is doing lately: backing and filling; learning better discipline; determined to improve but not pushing when. We remain bullish on the market, in general, and information technology, in particular. We still feel confident stocks will be trading at least 5 to 10% higher when it's time to hum Auld Lang Syne come New Year's Eve because we are getting the correction this Summer that will help us succeed in the Fall and Winter.

There is mounting evidence that the global recession, which started last September, might be over already. Real GDP in the Euro Zone edged down just 0.4% during Q2, following a plunge of 10.0% during Q1. The big surprise was that Q2 real GDP rose 1.3% in both Germany and France, where Q1 real GDP fell 14.1% and 5.4%, respectively. German exports were especially strong during June, surging 7.0%, the fastest pace in almost three years. Here at home, where the recession has ravaged many businesses, the decline in forward earnings seems to be over. In the week ended August 6, forward earnings went up for 4 of 10 sectors and valuation was up for 60% of them. Financials, Industrials, and Utilities are still forming a bottom now. However, forward earnings are definitely rising for Consumer Discretionary, Consumer Staples, Energy, Health Care, Materials, Tech, and Telecom.

Consumers usually do the heavy lifting when it's time to morph from recession to prosperity but many are still quite gloomy about what lies ahead for them. Today's University of Michigan Consumer Survey for August reported expectations fell in early August, its lowest reading since March. The fewest consumers in the survey's sixty-year history reported improved finances, with many citing job losses, shorter working hours and smaller wage gains, said the survey. This proved the point that the general economy won't recover until jobs numbers improve and the recovery cannot gain real steam until the consumer buys-into the story that things ARE getting better. Again, the stock market is a discounting mechanism which is telling us that recovery is out there if not 6 to 12 months away. Bear in mind, the government spending was designed to abate the recession, not create prosperity. That's the consumer's job so, just like 49er Coach Mike Singletary, we'll be carefully monitoring her spending habits and attitude and will be pleased if she returns to the shopping malls of America in time for the Santa Rally in December. Go Niners!

By: Jude Bedell