Thank God It's Friday! **October 9, 2009**

Stocks finished this week at a new closing high for the year. Next week will dictate the rest of the month and probably the rest of the year for the Stock Market, as 6 of the 30 DOW companies report their earnings. And most investors remain skeptical of this rally. This sets up a really important earnings season because expectations are high. This is the time where just beating earnings estimates won't be enough. Revenues will be the focus. We need to see companies selling more stuff. That will be the telling time of a sustainable recovery, the return of demand.

Today marks the 2 year anniversary of DOW 14,000, the all-time high. In fact the DOW was above 14,000 for 13 days, but only closed above that 14,000 level for eight of them. And for those of you that are as intrigued with these statistics as I am – there wasn't one day where the DOW remained above 14,000 the whole time.

But that was then. Today, despite the 50% gain from the March lows, that Dow Jones Industrial Average is still a healthy 30% below that all-time high. The focus now is DOW 10,000, with 14,000 merely a memory and a level that will most likely take a couple more years to approach. But we will get there, and DOW 11,000 is very doable this year.

Back to DOW 14,000; something important to recognize is 1/6th of this 30-Component basket has changed since October of 2007. Out are the likes of General Motors, Citigroup, and AIG. In came Chevron, Cisco and Kraft among others. The 2009 DJIA is a healthier mix of companies that are fundamentally stronger than the previous components. Today's DOW mix is a better representation of the Global economy and not as tethered to the US financial mess. This distinction should allow DOW to soar higher and recover faster because there are some new engines. And don't forget, the DOW is priced weighted, so the higher priced stocks have a much bigger influence in performance.

Have a nice weekend.

By: Mike Frazier

PS: These weekly reports as well as our Quarterly Newsletters are archived for you on our website at "bedellinvest.com"

Two Walnut Creek Center ■ 200 Pringle Avenue, Suite 450 ■ Walnut Creek, CA 94596
925.932.0344 ■ 800.783.0344 ■ FAX: 925.932.8216
www.bedellinvest.com