

**Thank God It's Friday!**

**November 6, 2009**



It finally happened: The national unemployment rate officially eclipsed 10%. It's the first time since 1983. Our reaction is two-fold:

1. No surprise. We knew it was coming. It was merely a matter of time.
2. We needed to get it over with. As long as unemployment doesn't deteriorate significantly, we will recover, and this very well could be the low for this cycle.

But remember, unemployment is a lagging indicator. I'd argue that the most important data came Thursday, with a sizzling productivity report showing companies are lean and mean and very profitable. The key here is: higher profits drive higher stock prices. This was the catalyst for the 200 point Dow rally on Thursday. And taking it a step further, when companies are more productive and build up additional reserves, they usually start adding more workers to prepare for a continued recovery and keep up with demand growth.

This suggests to us that 2010 should see an uptick for American workers. That is forward looking - and the stock market is forward looking too.

The media will jam the big round 10% unemployment rate down our throats all weekend, and will no doubt be the focus for all the Sunday political shows. But it's important to put it in perspective. We are recovering from a horrible recession, which rivals only the Great Depression.

We preserved the gains from Thursday's rally and the market closed the week above 10,000 which is a very positive sign and affirms the credibility of this recovery.

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