

Thank God It's Friday!

December 4, 2009



This week the world celebrated the 20th Santa came early today bringing an unexpected jolt with the best job report since the recession began exactly 2 years ago this month. Only 11,000 jobs were lost in November, according to the Department of Labor. In other words, we nearly saw an actual increase. This shattered expectations of a loss of 130,000. On top of that, the unemployment rate improved, ever-so-slightly, to 10% from last month's 10.2%.

We've said all along that the real number, if you include part-timers that would prefer to be full-timers and laid-off workers that have stopped job searching out of frustration, is actually closer to 15-17%, but regardless, this report shows that we continue to move in an upward direction. Also, this report doesn't include the expected influx of temporary retail jobs this month for the Holiday season. More people will have paychecks as we head to the New Year. That's a good thing, especially when you recall that two-thirds of our American economy depends on consumer spending.

Initially, the Market liked the job report. Stocks surged at the open to highs on all 3 major indexes today, as the Bulls celebrated and Bears got caught off-guard and scrambled to cover their short positions. Clearly a 10% unemployment rate is nothing to be proud of; there are still over 15 million Americans out of work. But with the Market, it's all about expectations. With so much economic pessimism in the streets, expectations remain low. The news is not good, as we've experienced 23 consecutive months of job losses. But it's good enough for now to lend credence to this recovery and drive asset prices higher from extremely depressed levels.

And another interesting and important factor was the Dollar strengthened on the news. The Weak Dollar/Strong Stock Market relationship might be coming to an end, and that would be significant and positive. We would like to see both Dollar Strong and Stock Market, and ultimately believe we will. More on this at a later date!

By: Mike Frazier

PS: Excellent news from DC, yesterday, as the House of Representatives passed HR 4154 entitled the "Permanent Estate Tax Relief for Families, Farmers, and Small Businesses Act of 2009". The Bill eliminates the "sunset provision" and retains the estate tax with a \$3,500,000 exemption and 45% gift/estate tax rate. Now it is up to the Senate to act. Our office pool is split on the Senate's version of the bill leaning to 2.5 million... but we are happy to be wrong on this because \$3.5 million exemption per person is a dream come true.

By: Jude Bedell