

**Thank God It's Friday**

**April 9, 2010**



DOW 11,000 became a reality today, again. Although the index didn't end-up there, it reached the monumental level with only 6 minutes left before the Market bell rang.

To place this event in proper perspective, the Dow Jones Index has not seen 11,000 since September 2008, right before the devastating Financial crisis took hold.

Boy has a lot happened since then! In fact, only six short months ago, the Dow stocks reached the 10,000 mark.

Skeptics will tell you that 11,000 doesn't have much technical significance for the Market, but it sure has psychological importance. The rally off the lows has us 70% higher in just over a year. And importantly, recent economic data is validating the sustainability of recovery. Not only did March bring us the strongest job report in 3 years, but this weeks retail report shows that consumers have come out of hiding and are out there spending again. They are exhibiting a greater sense of optimism.

The tricky part now is to calculate how much of this good news is already factored into the Market, because as we all know, the Market is always forward looking and tends to price-in things well in advance. Stocks have been climbing long before news became "GOOD". Our sense is news is soon to become "GREAT", with the start of earnings season next week.

It's hard to say that the Market is at a tipping point before another necessary consolidation within the uptrend, because we keep seeing new highs nearly every day. Remarkably, the DOW has been up 19 of the last 23 days! And these highs are running smack in the face of so much pessimism, which is usually a good sign for further gains.

Within the strength, there has been quite a shift in leadership back into Energy. Despite the rise in oil prices back to \$85 per barrel, energy stocks had been noticeably absent from the rally. This has changed, and energy is now leading the charge. In fact, just today, CHEVRON was responsible for 16 of the DOW's 70 point surge to 11,000 with a \$2 gain of its own. Chevron raised its estimates for the quarter and the rest of the year. It's a good start for a highly anticipated earnings season.

We like DOW 11,000 and still see DOW 12,000 as a strong possibility this year. HOWEVER, further gains won't come in the form of a straight line, without some profit taking: Of this we are certain.

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