

Thank God It's Friday!

January 22, 2010



This is a huge weekend for football fans. It's the NFL playoffs, with the winners heading to Miami for the Super Bowl. There are plenty of story lines with the underdog Jets, the sentimental Saints, and everything that is Brett Favre.

In this vein of competition, the Markets are seeing two heavy weights of their own pitted against each other to determine the next direction for the stock market. This week has been Washington vs. Corporate America, and the first quarter shows the political follies dominating the good news coming out of corporate America as earnings are coming in above estimates.

Across the Pacific, the Chinese are recovering so quickly from the global recession that they are more concerned with an over-heated economy. Therefore, they are pulling some levers to cool things down a bit, which has put some downward pressure on commodity stocks.

We mentioned last week, that if the focus was going to be on earnings, then the Market would respond well, but if the attention is on DC, it could lead to a rough ride for stocks and bonds. It's definitely been more of the latter. Fundamentally, corporate earnings have been solid, and demonstrate that the stock market recovery rally is legitimate. But fears of more government involvement, and rumors emanating that Ben Bernanke might actually not receive the votes to keep his job at the Fed have put the brakes on the run-up.

Next week we head into the State of the Union address on the 27th. We continue to let the Market be our guide and firmly believe that if the focus remains on Washington, the Markets could struggle. The Market rarely moves with the crowd, and as we know it's usually right. Stay tuned. Stay dry this weekend and enjoy the games.

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