

Thank GDP It's Friday!

January 29, 2010



The GDP report for the fourth Quarter of 2009 came out today and it was HUGE. Up 5.7%. You may recall the GDP is our nation's Gross Domestic Product which measures all goods and services produced.

And how did you know this number would amaze? The stock market told you so; it's still the best crystal ball known to investors. Stocks have soared since last March, foretelling us the economy would repair

itself and resume a growth pattern.

However, we'd be remiss not to warn you it's premature to pop the champagne corks yet. We have a long way to go...and the stock market is telling us that, too. The rally is under pressure, really for the first time since hitting bottom. The good news is corporate earnings have been solid, which validates the recovery rally. But we all know that stocks don't go straight up forever, and a much anticipated correction could be upon us. That would be healthy, and a good thing to clean out the excesses caused by stocks rising too high... too fast.

The traders are singing an old tune: "Buy the rumor then sell the news!" Sell good earnings ...Sell good iPad launches ...Sell good economic data. To us, these knee jerk reactions to good news result in another good entry point to buy quality stocks at lower prices.

Oh, and Bernanke was confirmed today for another term as Federal Reserve Bank precluding another crisis at the hands of Congress.

By: Jude Bedell