



NOVEMBER MARKET COMMENTARY

**By Tom Crow
December 4, 2009**

Index	Month End	Gain (Loss) by Period			
		Month	Most Recent Quarter	Year-to-Date	Trailing Twelve Months
Dow Industrials	10,345	6.5%	8.9%	17.9%	17.7%
S&P 500	1,096	5.7%	7.4%	21.3%	22.3%
Nasdaq	2,145	4.9%	6.8%	36.0%	39.7%

The markets came back strong in November with all categories showing improvement. Our forecast shows continued relative strength through the end of the year. Technically, the indices still look like they're completing the right side of a head-and-shoulders formation which does not bode well for early next year.

I'm also looking at an S&P hovering around 1,100 and remembering we pretty much sold it around 1,250 on the way down in late '07 and early '08. We still have quite a ways to go just to get back to where we've been. I think the "beariest" of bears are a bit irrational calling for the Dow to drop to 3,000. I also believe the calls for a return to 14,000 and beyond in the next year are equally unfounded.

Given this market's propensity to overreact to the news, caution is still the most important aspect in our strategies. We'll continue to act on believable buy signals, and rely on our sell signals and stops to get us safely into cash if the bottom falls out again. I hope I'm wrong, but I expect to see continued weakness in the economy well into next year. Creating new jobs with stimulus money is a net negative on the economy and will only prolong a real recovery if they turn out not to be self-supporting.

Just to give you some idea of what a few of the many moving parts we monitor look like, the end of November is always an interesting time to look at the indices in finer detail. The Friday after Thanksgiving is typically uneventful. However, this year, we had some bad news at the beginning of the day and the markets reacted negatively, but did so on much lower-than-average volume.

Monday saw a bit of a bounce back, which is typical following a big, news-related sell off. But, Monday's normal trading volume looked huge compared to Friday's, so the trading programs thought a big rally was lifting off and propelled stocks much higher on Tuesday as markets opened higher and held on for the day.

Wednesday saw the indices spike shortly after the open, only to pull back by the end of the day. Thursday looked like it was going to repeat the pattern until a big selloff in the final 30 minutes wiped out just about all the gains for the week.

Friday's employment numbers contained some seemingly encouraging news and revisions, and

markets shot up at the open to the highest point for the week, only to fall back by mid-day. Some profit taking after a nice jump is not surprising, but watch out! Those seasonal adjustments in the employment figures may come back to bite us by January.

News headlines on Friday trumpeted "Jobs on the Rebound." Huh? After applying seasonal adjustments, we didn't lose as many jobs as analysts thought we would. There was no rebound, and this economy is still not creating jobs. This idea that "less bad is good" rather than just "less bad" has worked its way into almost all economic reporting, and most political rhetoric, and it is a bit absurd but not surprising.

Friday's jobs report impacted various sectors as follows. The idea that we're on the verge of a jobs recovery caused a turnaround in the perceived strength of the dollar, which in turn drove gold and oil stocks lower. Retail stocks, still reeling from weaker-than-expected Black Friday sales rebounded early on a stronger dollar and the hope that more folks will be working and spending this Christmas season and next year.

When all was said and done for the week, the indices close moderately higher Friday to finish the week up an average of a bit less than 2%, which is not a bad start for December.

I am sticking to my guns (detailed more in last month's Commentary) for a longer-term outlook. Any perceived or reported strength in any area where government stimulus money is being applied is suspect.

Also, this just in...the house leadership has introduced a bill extending the Estate (Death) Tax, originally slated to expire next year through 2010. As much as Washington D.C. needs tax revenues, they can't very well let anyone die next year without paying their fair share. Their fair share, by the way is 45% on estates in excess of \$3.5 million.

Our founding fathers, who risked their lives on the principles of "no taxation without representation", would be ashamed. Last I checked the deceased don't have much of a say in the voting booth...unless of course you count certain districts in New Mexico, Louisiana and Illinois. Of course, I extend any and all apologies due any deceased persons legitimately voting in those areas. In any regard, we'll keep an eye out for developments and let you know how things progress if it makes it to the senate, and eventually the president's desk.

In closing, Vicki and I want to thank all our clients, friends and associates for making another exciting year in this business a reality. Our prayer for each of you is a safe and happy Christmas, and a New Year full of generous good health and prosperity. We'll talk to you in 2010 if not before.