

## Two Cheers as Dow Edges Past the 11,000 Threshold

For the first time since September 2008, the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) closed above 11,000, a number that may offer more psychological comfort than solid evidence of underlying economic strength. Nevertheless, it's not entirely insignificant. This is, after all, nearly 4,500 points above the 6,547 reached in March last year, an increase of 68.1% and testament to what investors believe is a recovering economy. However, the realization that we're still more than 3,100 points below the high reached in October 2007 should keep the celebrations muted.

For the record, the Dow finished at 11,005.97. The NASDAQ Composite (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) closed at 2,547.87 and the S&P 500 (an unmanaged index of 500 widely held stocks) stood at 1,196.48.

Behind the more or less steady rise of the market indices since early February – the Dow finished under 10,000 on February 8 – are upbeat signs that the economy is in a slow recovery. There are positive job growth indicators, though still below what is needed to reduce the 9.7% unemployment rate. Investor worries about Greece possibly defaulting on its national debt eased with the announcement that the other 16 countries that use the euro agreed to a \$40.5 billion loan.

The uncertainty was even reflected among the members of the National Bureau of Economic Research, who declare recession beginnings and endings. The evidence, some of them said, is too difficult to detect. That is, the end of the recession begun in December 2007 hasn't created the kind of easily detectable upward turn that has marked the end of previous recessions, therefore allowing the committee to declare them ended.

It's fine that the markets are headed up instead of in the other direction, but it's best to stick with fundamentals and your long-term assessment of the value of the holdings in your portfolio rather than get too entranced by the crossing of an arbitrary line.

If you'd like to discuss your portfolio or explore new investment opportunities, please give me a call.

Regards,

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