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An Independent Firm

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October 20, 2009

Dear Reader:

## **Dow Revisits the 10,000 Mark**

After more than a year spent slipping down to stomach-churning lows before gradually clawing back some equity value, the major financial indices revisited territory not seen since early October last year. The new bull market, as it's been called by many analysts, has featured a relatively steady rise from March lows. At times, it seems driven not so much by good news as by reports that turn out to be less dire than expected.

The raw figures are remarkable. The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) finished Wednesday, October 14, at 10,015.86, which represents a gain of 52.9% since its March 9 low of 6,547.05. The NASDAQ Composite (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) closed the day at 2,172.23, up an astonishing 71.3% from its March 9 close at 1,268.64, while the S&P 500 (an unmanaged index of 500 widely held stocks) ticked up to 1,092.02, a gain of 61.4% from its March 9 close at 676.53.

Investors who have been in the market for a long time will note that while these figures are encouraging, they are still far beneath the record highs reached in October 2007. But those who invested in the market earlier this year have seen values increase dramatically.

The latest surge came after computer chip maker Intel Corp. and banking behemoth J.P. Morgan Chase reported higher-than-expected earnings, while the decline in September retail sales – at 1.5% – was less than the 2.1% economists had forecast. Retail sales had been expected to slip after the end of the “Cash for Clunkers” car sales rush. Retailers J.C. Penney Co., Macy's Inc. and Target Corp. sales reports were similarly encouraging.

While investors generally have been positive during the markets' recent climb, it has been noted with alarm by analysts that the volume of equity holdings has actually decreased. Worried investors have been withdrawing equity holdings in favor of bonds, indicating that a significant numbers of investors missed out on the equity market rally.

Certainly, recent market and economic activity has been encouraging, but major questions remain. If you have questions about the markets in general or want to discuss your portfolio, please don't hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Koehn", with a long horizontal flourish extending to the right.

Scott A. Koehn  
Financial Advisor, RJFS  
Registered Principal, RJFS

Past performance may not be indicative of future results.