

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. There are many strategies one can employ when looking at the double edge sword of investing. If you are sitting on the fence about this market then you might want to take a conservative approach and put 50% of your assets into bonds with higher dividend yields and the other 50% into conservative stocks or mutual funds with a higher dividend yield as well. Dividends play such a large part in a portfolio's overall return. If the market continues to muddle along for awhile or you are afraid it could go down further then the dividend payments could help give you a nice return in the short term. If the market continues it's upside trend then you have still invested conservatively to take advantage of it.

Financial Planning Recommendations – Over the past couple of months, we have talked about life insurance and LTC insurance. This month I want to change gears and talk about charitable giving. Here is my thought even if most people are on tighter budgets. I recently moved by downsizing my house to something more manageable for the space that I need. I realized as much as I work and trained that I was never at home. For me it was a lifestyle decision which is also turning into a big financial savings as well. By downsizing, it forced me to go through all my STUFF. I had a lot of STUFF that I never used from clothes that hadn't been worn in years to furniture that I know had not been sat upon for years. All the furniture looked good just sitting there but what did that get me. The best line that I ever heard was from Little House on the Prairie when Charles said "let's use the fine china for everyday use. It does no good sitting on the shelves collecting dust." I realized that all my STUFF did no one any good collecting dust going unused. There are so many people whom are going through a divorce or have lost their jobs that need furniture, clothing, household items or money right now. Start with your church and inquire if there is anyone that could use help right now. I bet your phone would be ringing sooner than you thought. Besides a tax right off that you might get, it just might make you feel good knowing your STUFF was actually being used by someone that really needed it at a bad time in their lives. Furniture and clothes comes and goes, feeling good because you donated something to someone in need will last a lifetime.

How Can I help you? Many people use our investment and financial planning services because we provide prudent and conservative advice to people who value having a trusted client-advisor relationship. Honesty, professionalism, compassion and respect have been the tenets of working with my friends, clients and professional partners for 15 years now. If you think that others might value this kind of advisor - client relationship, then please let me know how I may be able to help them.

Please feel free to e-mail me at rich.hendry@raymondjames.com or call me at 678-578-2430 or toll free at 877-811-9090 to discuss any market concerns or financial planning that needs to be done for this coming month or year. Visit us at www.richardhendry.net. **We are proud to be part of your wealth management team.**

Sincerely,



Richard P Hendry, CDFA
Registered Principal

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