It's nice to be missed! When I am on the road, there's nothing better than coming home, opening the garage door, driving in and watching the door to the house slowly open. Then, one and sometimes two little heads pop out. Eyes and mouths wide open, the little voices boom, "Daddy's home!", as a mini frenzy results in the kitchen. There's nothing like being missed.

I received more than a few emails in the past few weeks asking why I haven't sent much market commentary. Folks got used to several intra week updates during the volatility in late February and March, but things have certainly calmed down. As normalcy returned, I went back to meeting and speaking with clients and prospects. But truth be told, there just wasn't that much to write about.

I went out way out on a limb as the stock market was in the throes of the China and sub prime mortgage woes in March and called for new highs this quarter. Remember that period? It's funny how everyone seems to have forgotten it! Where did all those bears go? Where did all those nasty emails go calling me names? I went back and checked hundreds of interviews and did not find a single person calling for an immediate return to a powerful bull market. If you don't like the bragging, get over it. It was a great call. End of discussion. I put my clients' and my own money behind that forecast and it's been one heck of a ride. There have been and will be plenty of other times where I will be totally wrong, but this just wasn't one of them.

The tide has definitely turned lately as all of a sudden, people are asking me about my upside targets. It's amazing what a near vertical move will do to emotions! If you remember the 1987 analogy I emailed in March, a melt up was in the cards. I want to postpone further discussion about what that 1987 melt up led until we get closer to the third quarter.

And this far into the rally, it's still amazing that so many bears can still growl and so many mutual fund managers remain under invested with fresh money coming in every day. They keep thinking "the big one" is right around the corner with the mortgage and housing disaster still front and center and the U.S. economy on the verge of stagflation. Eventually, they will be right, but I don't believe we are there yet. And the very smart money I watch continues to be bullish at these high levels. That is highly unusual and a very powerful indicator.

Besides the smart money indicator, general sentiment from the public remains very bearish, a contrarian sign. Both of our investment models, which turned positive at the lows in early March, continue to be very strong. I expect dramatic model weakening before we see a meaningful decline that does not snap right back. Volume patterns, the engine of the stock market, have been very constructive and indicate more new highs ahead.

Although we are getting very close to the upside targets I gave in January, I am not going to revise them just yet. In case you forgot, they are Dow 14,000, S&P 500 1550-1600 and Nasdaq 2650-2700. When I made those forecasts, I didn't give a whole lot of thought to them and they never enter into our investment management process.

Friday morning is the most important economic number of the month and we all know how overbought the stock market remains. If we see a large up opening, it could serve as a short-term climax for a much needed pause to refresh of a few days to a few weeks. Bad news will likely result in weakness that should be reversed next week. Ultimately, the S&P 500 is going to close at new highs above 1528 and test the intra day highs of 1550. Those were made back in March 2000, long before those two little voices in my house were even born!

I am going to close by saying that there are professionals much, much smarter than me who have not capitalized on this move. The vast majority of fundamental, technical and quantitative analysis is not working because we are in a totally momentum driven climate where stopping, researching and debating just does not work. He/she who hesitates is lost. Until proven otherwise, any and all short-term dips have to be bought and will be bought. There remains an enormous amount of cash on the sidelines that must be put to use. Until that occurs, a "floor" will stay beneath the stock market and lead to even sillier prices.

Years ago, when I worked in New York on a trading desk, I learned that it's more important to make money than to be right!

If you are not making money or having a good year, I urge you to call or email me directly. Procrastination will not fix performance!

If you are not having fun in this market, you never will!

All Good Trades,

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If any of our emails bounce back to you, please forward to Paul@bcmoney.com. Our IT staff is working on the issue.