

Market Outlook

Short Term: Bullish

PORTFOLIO STRATEGY

Equity: 70%

Cash: 5%

Today's Market Movers

IMPACT

- ✓ Nonfarm Payrolls Up 151k +
- ✓ Unemployment Rate Holds at 9.6% +
- ✓ Toyota Misses Estimates -
- ✓ Global Markets Improve On Jobs Data +

Recent Research Review

K, GD, SANM, HOT, DRIV, VMC, MMM, GLW, FISV, VSH, WFMI, NEM, SO, HON, IR, IART, BP, M, STI, PEG, PFE, CL, LVS, FSLR, CVS, WY, AAI, FO, AGN, ADP

Statistics Diary

12-Month S&P 500 Forecast: 1025-1375
S&P 500 Current/Next EPS: 78.5/89.25
S&P 500 P/E: 15.55
12-Month S&P P/E Range: 11.5 - 15.4
10-Year Yield: 2.49%
12-Mth 10-Yr. Bond Forecast: 3.5-4.5%
Current Fed Funds Target: 0.25%
12-Month Fed Funds Forecast: 0.0-1.00%

PREVIOUS 200-DAY CLOSE AVERAGE

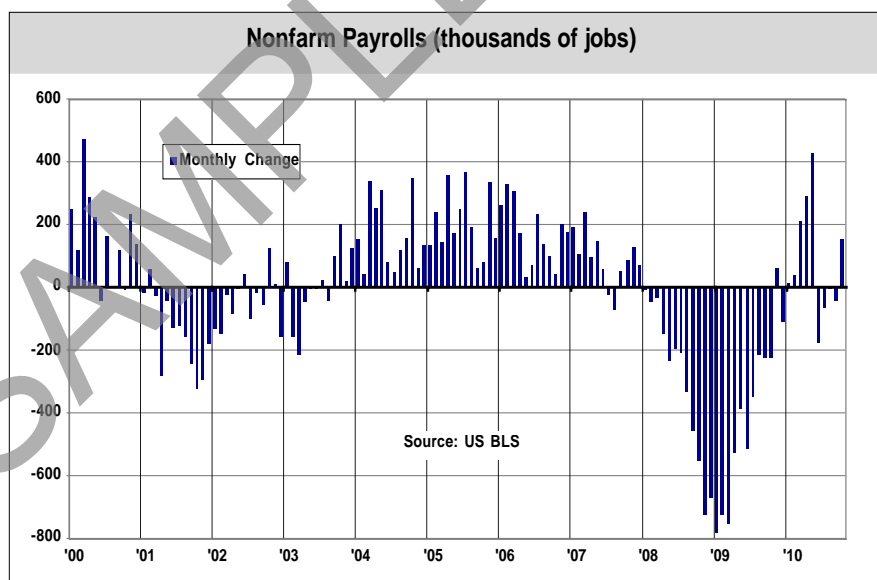
DJIA: 11434.84 10540.41
S&P 500: 1221.06 1123.83
NASDAQ: 2577.34 2306.82
Large/Small Cap. 0.92 0.94
Growth/Value: 1.14 1.09

CURRENT RANKING

Five-Day Put/Call: 0.73 Positive
Momentum: 3736000 Negative
Bullish Sentiment: 48% Positive
Mutual Fund Cash: 4.30% Neutral
Vickers Insider Index: 4.13 Negative

DAILY SPOTLIGHT: Payrolls Stronger than Expected

The economy gained 151,000 jobs in September, higher than the consensus forecast of 60,000 and our forecast for 80,000. The gain in jobs was the first for the economy in five months, as the impact of the hiring and terminating of the 2010 census workers has now passed through the system. For the year, the economy has generated an average 85,000 jobs per month. In another positive development, the Department of Labor upwardly revised the jobs reports for August and September. The jobs growth was most pronounced in temporary, healthcare and retail industries. Manufacturing employment fell slightly. The unemployment rate remained steady at 9.6%. According to our analysis of initial unemployment claims trends, the economy should be generating jobs each month in a range of 60,000-130,000. This morning's jobs number is slightly above the range. If this one data point can turn into a trend, the unemployment rate should start to move downward, albeit slowly. Stock market futures, which had been lower before the report, have rallied modestly on the news and are now positive.



Stockpicker's Corner

KOHL'S CORP. (NYSE: KSS) BUY

Kohl's recently announced that it anticipates hiring more than 40,000 associates this holiday season, a more than 20% increase over last year. We have a BUY rating on the KSS shares and a target price of \$65. In our opinion, the company has the ability to boost sales by opening new stores and improving merchandise; the ability to make small improvements to industry leading margins through inventory management and the sale of private-label merchandise; and the ability to deploy cash to open new stores, remodel existing stores and repurchase shares.

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