

Dorion-Gray Retirement Planning Weekly Commentary February 21, 2012

Markets Expectations....

Current market configuration suggests that the market completed the minimum upward target again last week when it closed at 1361.23 (S&P 500) last Friday. It is likely that there will be another 3 to 5 trading days of upward movement. The key is still last year's high of 1370.60 at which there is still some minor resistance as seen in today's trading as of this writing.

The short term expectations indicate a close above 1370.60 will indicate a move toward the 1394//1401 levels over the next 2 to 4 weeks. A close above 1376.55 will increase the probability of reaching the minimum intermediate target at 1394/1401. The critical level on the downside today is 1354.30 a penetration of this level would signal a minor pattern failure and a decline back to the 1347.50/1343.40 levels.

The intermediate charts now suggest that with momentum building across the board, the markets will move toward the 1431 level with an extreme level of 1480/1512.

The monthly charts are now projecting that the markets will retest the 2007 highs at 1576. The actual timing is still elusive but as the current patterns continue to unfold and the markets' fundamentals continue to strengthen we will soon have a far better idea of the timing and probability.

We will keep you informed.

Tactically Speaking....

The markets continued their positive growth with the S&P 500 closing up 1.48% last week. All ten sectors were positive led by Energy and Technology up 2.4% and 1.8% respectively. The bottom two sectors were Materials and Utilities up .9% and .6% respectively.

While our country was celebrating President's Day, the EU and Greece finally reached a deal for a Euro 130 Billion (US \$173 Billion) bailout. This along with a central bank profits transfer and talking investors into going along with larger losses will get Greece past their looming March bond repayment. It has been a long struggle as getting all the participants together and get an agreement has been akin to trying to push a 2,000 pound marsh mellow down the road. Let's hope this announcement is for real and not just another of the many photo ops and headlines over this issue.

The U.S. economy continues to move forward and all eyes will hopefully remain on the facts which clearly indicate that our economy is expanding at a continuing slow but steady pace.

Leading indicators climbed 0.4% for the fourth month in a row. The Empire manufacturing survey improved to 19.5 from 13.5 the prior month. Industrial production was flat but it appears that there were some discrepancies with auto sales that make the report unreliable. Retail sales were also released showing an increase of 0.4% while the expectations were for a stronger number around 0.8%.

Consumer prices and core consumer prices increased by 0.2% - slightly better than expected. Core prices climbed 2.3% year-over-year for their sharpest annual increase since 2008. The biggest news was new claims for jobless benefits hit the lowest level since early 2008.

Bloomberg News today reported “that the S&P 500 Index is approaching the cheapest level ever compared with bonds as Federal Reserve Chairman Ben S. Bernanke's zero-percent interest rates drive investors and companies from cash.” While zero per cent interest rates are not good for savers, they do help lower government expenses and increase corporate profits. Bloomberg further reported that based on data they have compiled since 1962 “as corporate profits have doubled since 2009 it has pushed the index’s so-called earnings yield to 7.1%, close to the highest on record when compared with the 10-year Treasury rate.” American companies have increased capital spending 35 % over the past six quarters, the most since 2006.

Corporate profits are what drive the stock markets. Low interest rates and increased bank liquidity bank (as discussed in last week’s commentary) are key drivers of business growth and spending which in-turn drives economic growth.

Last Week in the Markets....

For the week, the Dow climbed 1.31 percent to close at 12,950.10. The S&P gained 1.48 percent to finish at 1,361.23 and the NASDAQ rose 1.65 percent to end the week at 2,951.78.

Returns Through 02/17/12	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.31	6.44	8.00	23.12	3.09
NASDAQ Composite (PR)	1.65	13.31	4.24	26.14	3.41
S&P 500 (TR)	1.48	8.56	3.73	22.52	0.83
BarCap US Agg Bond (TR)	-0.15	0.48	8.83	6.93	6.43
MSCI EAFE (TR)	1.64	9.82	-8.92	17.24	-3.73

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, BarCap US Agg Bond and S&P, excluding “1 Week” returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Another Deadline – Physicians who treat Medicare patients will face an across-the-board cut of 27 percent on March 1, 2012, unless Congress passes new legislation (source: Congress, BTN Research).

Very Stately – The only states that had unemployment rates less than 5 percent as of the end of last year (i.e., Dec. 31, 2011) were the three contiguous states of North Dakota, South Dakota and Nebraska (source: Department Of Labor, BTN Research).

One Big Happy Family – The U.S. is projected to add 100 million people to its population over the next 30 years, an increase of 32 percent over our current population of 313 million (source: Census Bureau, Research).

Best regards,

The Dorion-Gray Team

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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

* The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.

* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

*Commentary prepared by Dorion-Gray with information from various sources including market strategist R. Kendall, The Hudson Institute, EWI, Hedgeye Risk Management, Securities America, Inc., and ClassicPrinciples.com, JP Morgan Asset Management, and First Trust.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Technical analysis is provided based on our opinion of the overall prevailing market conditions but is not guaranteed and is subject to change without notice.

*The ISM Index is a monthly index released by the Institute of Supply Management which tracks the amount of manufacturing activity that occurred in the previous month. If the index has a value below 50, due to a decrease in activity, it tends to indicate an economic recession, especially if the trend continues over several months. A value substantially above 50 likely indicates a time of economic growth. The values for the index can be between 0 and 100.

* Past performance does not guarantee future results.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.