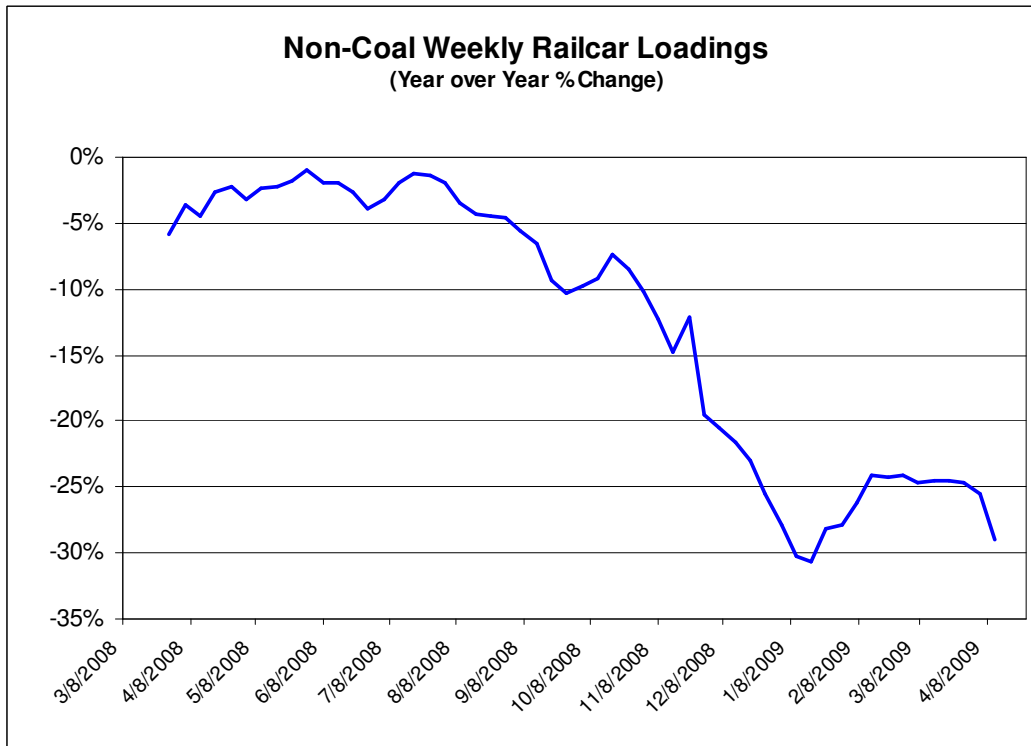


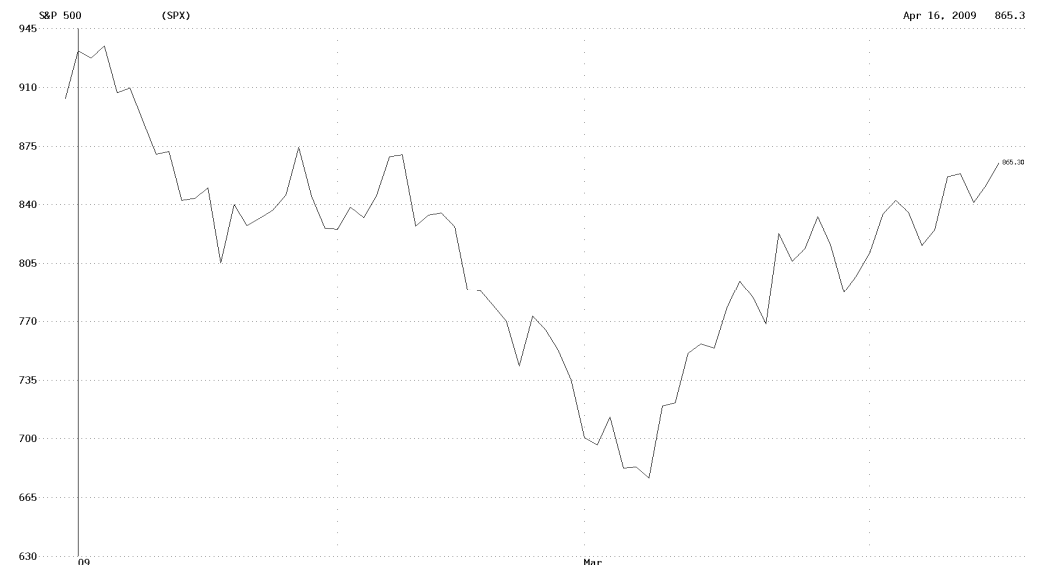
Too Far Too Fast

The market is a little too far ahead of the economy

Since the low in March the stock market is up nearly 30%, however the chart below is telling us that the economy is stabilizing, not expanding. This leads us to think that the stock market needs some sort of breather before heading higher. And it could be scarier than a “breather”.



Keep in mind that the Railcar chart above is for one year and the stock chart below covers only 2009. The stock market reversed a full two months after the low set for car loadings.



DOCK STREET ASSET MANAGEMENT

The Railcar Loadings chart is produced weekly by Adam Egelberg, of Glenville Capital, one of the bright guys sharing our space here in Greenwich. The chart is an attempt to track the economy in real time. It says "non-coal" because coal loadings going to power plants are very steady and by removing them Adam produces a better picture of how much "stuff" is moving through the economy.

The market has been celebrating two events: 1) the stabilization of the economy at a lower level of activity in contrast to the free-fall of the September through January period, and 2) the thawing of the credit markets.

These are events worth celebrating, but short-term the party might be far advanced.

Unemployment is still rising and will likely hit 10% at its peak. A lasting bull market in stocks needs more than news that is "less bad".

We began taking some profits from this bounce today and we may do some more trimming next week. We are hoping to raise cash that will go into areas with greater potential, which we've highlighted in the last couple of notes to clients.

While we are concerned about the short-term health of stocks, we remain optimistic about the prospects for 2009 and most of 2010.

Quarterly reports covering the period ending in March will be issued next week.

Best regards,



Daniel A. Ogden