

Rocky Mountain News

Consulting the crystal ball

Metro-area experts share predictions on 14,000, sectors poised for movement

Thursday, April 26, 2007

1 When do you think the Dow will hit 14,000?

• We see the Dow continuing its acceleration through the 14,000 milestone by the fourth quarter of this year or the first quarter of 2008, with a good chance that a correction will occur at some point along the way.

Gregory Robert Anderson, GRAnderson Wealth Management Group

• Dow 14,000 is only 6.9 percent away from today's close. These round numbers mean less as the market moves higher; however, they are good for investor psychology. Being a contrarian, the less attention these mini-milestones receive the better. An 8 percent return for the market would put us into the middle of next year for Dow 14,000.

W. Greg Denewiler,

Denewiler Capital Management

• It would take the Fed to cut interest rates, and corporate earnings would have to grow in the 8 to 10 percent range. With the Fed still being concerned about inflation pressures, I am not sure we are going to see any interest rate cuts soon. I suspect Dow 14,000 won't happen until sometime in 2008, but I hope I am wrong.

Fred Taylor,

Northstar Investment Advisors

• Assuming a continuation of this "soft landing," the Dow will move through 14,000 within the next year.

John Claxton,

RBC Dain Rauscher

• Early 2008.

Fred Dickson, D.A. Davidson

• Nov. 17, 2010.

Jeff Wilson, Wilson Advisory Group

2 What industry sectors should investors keep an eye on (for gains or declines)?

• If the markets stay strong, I would keep an eye on the Nasdaq and technology sector because that index and group of companies have not really participated in the market rally since 2003 and on a PE basis are

cheaper than quite a few value stocks. I would also watch the weakening U.S. dollar and have some money invested in the international markets as a hedge to the U.S. dollar falling any further.

Fred Taylor

- Gainers - Coal, nuclear power, mining, financial, stock exchanges.

Decliners - Home builders, retail, automakers, auto-part suppliers.

Jeff Wilson

- We are steering our clients toward continued opportunities in energy and real estate. A hotter economy will make these sectors natural plays. We are excited about the fundamentals in these areas, such as steady corporate earnings and an expansive global economy. We are repositioning portfolios to reduce exposure to the home building, construction and semiconductor industries.

Gregory Robert Anderson

3 Give us a "buy" recommendation on one stock right now.

- Home Depot. This company is the leader in their industry by a wide margin - with sales totaling over \$90 billion. They have consistently grown sales and earnings at 15 percent-plus over the last 10 years and should continue to grow at a low double-digit rate for the next few years. Return on equity has been 15 percent or higher the last 20 years, and they're buying back about 4 percent of their stock this year. More importantly, if you could put together a portfolio of 30 to 40 names like Home Depot, your results would be very good over the next few years.

Greg Evans,

Millstone Evans Group of Raymond James & Associates

- I still like Google at these levels and for long-term investors; if you can buy the stock in the \$450 to \$480 level, I think you can make money. Google reminds me of the early days of Microsoft, and we know what happened if you had bought MSFT in the first three to five years of that growth story.

Fred Taylor

- Johnson & Johnson trades at a valuation less than the S&P 500 but will probably grow at least as fast. They have a predictable earnings stream of noncyclical products, and many of their products will benefit from the aging population. They also generate about half their revenue internationally. The stock came down on some negative news regarding their stent business, but it only represents 6 percent of the company.

W. Greg Denewiler

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