Jeffrey D. Saut, (727) 567-2644, Jeffrey.Saut@RaymondJames.com **January 24, 2011**
Investment Strategy

"Fear, Hope & Greed"

I had a very interesting request from one of our Financial Advisors (FAs) last week. He asked me, "Jeff, have you heard of anyone who has gone through the exercise to see what would have happened if you dollar cost averaged every month from the October 2007 stock market high until now?" "Wow," I responded, "That's a really good question and not all that hard to check." Recall that dollar cost averaging is an investment strategy whereby participants invest equal amounts of money over specific time periods, say $100 monthly, in a particular investment. That strategy allows investors to buy more shares when prices are low and fewer shares when prices are high. With that concept in mind, we begin. On October 11, 2007, the S&P 500 recorded an intraday high of 1576.09. Seventeen months later it would bottom with an intraday low on March 6, 2009, of 666.79. In 2010, the S&P 500 closed out the year at a December 31 price of 1257.64 and currently changes hands around 1283 (SPX/1283.35). Hence, if an investor began buying $1's worth of the SPX at the end of September 2007, and continued to purchase $1's worth of the SPX at the end of each month until yearend 2010, the dollar cost averaged performance is ~15.4% (excluding commissions) over that 40-month period (see the nearby chart). This compares to roughly an 18% loss over the same time frame for the investor who "rode it out" with no dollar cost averaging. That's a whopping 33% out-performance if our fictional investor had been able to conquer his fear and had employed a dollar cost averaging strategy. Regrettably, there's the "rub."

Ladies and gentlemen, while it's true over the long term that it is all about earnings, in the short to intermediate term the stock market is fear, hope and greed only loosely connected to the business cycle. This Fear, Hope and Greed cycle can be seen in the attendant chart. Beginning at the lower left of the chart we have Optimism with the chart rising to Excitement, Thrill and Euphoria where the bullish psychological environment peaks and turns down. You can liken this ascending pattern to what occurred following the Long Term Capital Management, and Russian default, back in 1998. Said debacles pressured the SPX from its July 1998 high of ~1167 into its Despondency low of ~957 in October of that year. At those lows, Fear reigned supreme. From there, however, stocks bottomed and traveled higher into their late 2000 highs, accompanied by the aforementioned ascent into the Euphoria region. Subsequently, stocks peaked and turned down. Over the next two years the SPX would shed some 49% of its value causing investors' mindsets to travel down the other side of our psychological chart (Anxiety, Denial, Fear, Depression, Panic Capitulation, and Despondency) with the SPX bottoming in October 2002. At that point investors were despondent; ergo, they were liquidating their stock portfolios just in time for stocks to bottom and begin a rally that would again cause investors' psyches to rise into the stock market's October 2007 peak.

I revisit the Fear, Hope and Greed cycle this morning not because I think we are approaching the Euphoric zone, but because I continue to believe we are near the Optimism level and therefore due for anywhere between a 3% - 10% correction. Still, any pullback is probably for buying as scribed in last Tuesday's strategy report:

"Since 1940 there has never been more than one 10% (or more) correction in an ongoing bull market. And yes Virginia, according to Dow Theory this is a bull market. A fair question, however, would be 'Is this a tactical, or a secular, bull market?' Personally I think it is tactical within the context of the broad trading range we have been experiencing since the turn of the century, but that's a discussion for another time."

Indeed, since entering 2011, I have been cautious; and except for the 14-point, first day of the year "yippee" (to 1273), the SPX hasn't really done all that much. Moreover, I have been commenting that the number of warning flags is rising with the Volatility Index (VIX/18.47) touching "complacency levels" last seen in April 2010 right before a correction. Ditto, Investors Intelligence data shows advisory sentiment approaching the bullish extremes of October 2007. Meanwhile, stock market leadership has been narrowing, internal momentum waning, and every macro sector except Utilities is overbought. Additionally, correlations between various asset classes are decreasing, implying investors are becoming increasingly selective. I further opined that if a 90% Downside Day was registered, a cautionary stance would become even more important. Well, last Wednesday turned out to be a 90% Downside Day with 90% of the total volume, and 90% of total points, coming on the downside. The result caused the SPX to experience its first loss of more than 1% since November 23, 2010. Yet, Wednesday's Wilt was worse than the official figures suggest because strength in a few high priced stocks masked just how weak the market's internals actually were. Last Wednesday also showed a change in the recent daily trading pattern in that morning weakness was not greeted with buyers. In fact, looking at

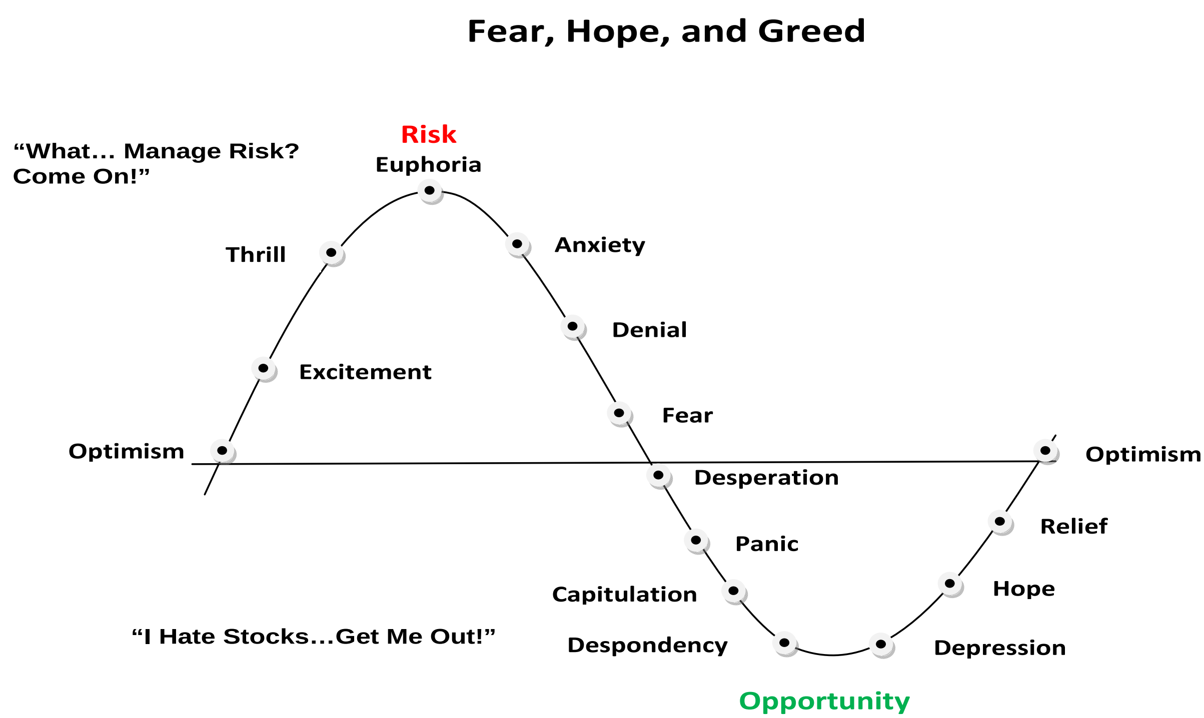
Please read domestic and foreign disclosure/risk information beginning on page 4 and Analyst Certification on page 4.

last Wednesday's minute-by-minute trading chart saw a decided pickup in selling when the previous day's intraday low was violated. Plainly, all of this leaves me believing caution is still warranted.

For those not wanting to adhere to my near-term cautious strategy, I offer a risk adjusted investment idea from Raymond James' research universe. As readers of these missives know, I have been an energy "bull" for a long time. Of course, that includes coal, which has garnered increased attention recently given the flooding in Australia that has shuttered 75% of their coal mines. In addition to the coal names I have previously mentioned, this morning I would have you consider Rhino Resources (RNO/$23.65/Outperform). Rhino is a diversified met and steam coal producer with proven and probable reserves of 273 million tons of steam coal and 13 million tons of met coal. Rhino also owns a 51% interest in Rhino Eastern, which controls 22 million tons of met coal. One of the benefits of such a substantial reserve base is the ability to boost production through internal expansion projects. While Rhino current pays no dividend distribution, our energy analysts expect a distribution to begin soon at roughly a 7% annualized distribution rate. That would compare favorably with the MLP universe of stocks' 6.6% rate, implying a higher share price.

The call for this week: Sometimes me sits and thinks and sometimes me just sits. Currently, me just sits, believing the evidence for a pullback is mounting. In addition to the aforementioned warning flags, since September 1, 2010, every time the Russell 2000 (RUT/773.18) has closed below its 20-day moving average (DMA), buyers have showed up the very next day. Not so last week. In fact, last week was the first down week for the SPX in eight weeks as the divergences in the stock market continue to grow (the DJIA was the only major index to register a new high on Friday; most of the other averages peaked on Tuesday). As legendary Dow Theorist Robert Rhea observed, mounting divergences suggest stocks are being distributed (read: sold) by smart money. In conclusion, it is worth considering that my notes indicate there is a tendency for the equity markets to "top" coincident with the State of the Union address (Tuesday night). Consistent with these thoughts, I am currently "just sitting;" or as Warren Buffett is fond of saying, "In this game the market has to keep pitching, but you don't have to swing. You can stand there with the bat on your shoulder for six months until you get a fat pitch."

P.S. – I am on the road again this week.



Source: Raymond James research

***Assume investing**		**Average Dollar Cost:**	**$ 1,102.12**
$1 per month		**Avg $ Cost Performance:**	**15.37%**
		1/7/2011	$ 1,271.50
Start	9/30/2007	Total Dollars Spent:	40
End	12/31/2010	Total Shares Purchased:	0.036294

.SPX-UT

Date	S&P Close	Shares/$1
9/28/2007	1526.75	0.000655
10/31/2007	1549.3772	0.000645
11/30/2007	1481.1399	0.000675
12/31/2007	1468.355	0.000681
1/31/2008	1378.5499	0.000725
2/29/2008	1330.6299	0.000752
3/31/2008	1322.7	0.000756
4/30/2008	1385.5899	0.000722
5/30/2008	1400.3799	0.000714
6/30/2008	1280	0.000781
7/31/2008	1267.3799	0.000789
8/29/2008	1282.8299	0.000780
9/30/2008	1166.3614	0.000857
10/31/2008	968.75367	0.001032
11/28/2008	896.23707	0.001116
12/31/2008	903.25489	0.001107
1/30/2009	825.8816	0.001211
2/27/2009	735.09205	0.001360
3/31/2009	797.8667	0.001253
4/30/2009	872.80713	0.001146
5/29/2009	919.13965	0.001088
6/30/2009	919.32374	0.001088
7/31/2009	987.4751	0.001013
8/31/2009	1020.6246	0.000980
9/30/2009	1057.0799	0.000946
10/30/2009	1036.1944	0.000965
11/30/2009	1095.6299	0.000913
12/31/2009	1115.0999	0.000897
1/29/2010	1073.8692	0.000931
2/26/2010	1104.49	0.000905
3/31/2010	1169.43	0.000855
4/30/2010	1186.69	0.000843
5/28/2010	1089.4	0.000918
6/30/2010	1030.71	0.000970
7/30/2010	1101.5999	0.000908
8/31/2010	1049.3299	0.000953
9/30/2010	1141.2	0.000876
10/29/2010	1183.2598	0.000845
11/30/2010	1180.5499	0.000847
12/31/2010	1257.6399	0.000795

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863

Important Investor Disclosures

Raymond James is the global brand name for Raymond James & Associates (RJA) and its non-US affiliates worldwide. Raymond James & Associates is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716, (727) 567-1000. Affiliates include the following entities, which are responsible for the distribution of research in their respective areas. In Canada, Raymond James Ltd., Suite 2200, 925 West Georgia Street, Vancouver, BC V6C 3L2, (604) 659-8200. In Latin America, Raymond James Latin America, Ruta 8, km 17,500, 91600 Montevideo, Uruguay, 00598 2 518 2033. In Europe, Raymond James European Equities, 40 rue La Boetie, 75008, Paris, France, +33 1 45 61 64 90.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The securities discussed in this document may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. **Investors should consider this report as only a single factor in making their investment decision.**

Investing in securities of issuers organized outside of the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. There may be limited information available on such securities. Investors who have received this report may be prohibited in certain states or other jurisdictions from purchasing the securities mentioned in this report. Please ask your Financial Advisor for additional details.

The information provided is as of the date above and subject to change, and it should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources we consider reliable, but we do not guarantee that such information is accurate or complete. Persons within the Raymond James family of companies may have information that is not available to the contributors of the information contained in this publication. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this publication that may not be consistent with the ratings appearing in this publication.

Additional information is available on request.

Analyst Information

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of Raymond James & Associates, Inc., are not registered/qualified as research analysts under FINRA rules, are not associated persons of Raymond James & Associates, Inc., and are not subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public companies, and trading securities held by a research analyst account.

Analyst Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination including quality and performance of research product, the analyst's success in rating stocks versus an industry index, and support effectiveness to trading and the retail and institutional sales forces. Other factors may include but are not limited to: overall ratings from internal (other than investment banking) or external parties and the general productivity and revenue generated in covered stocks.

The views expressed in this report accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. In addition, said analyst has not received compensation from any subject company in the last 12 months.

Ratings and Definitions

Raymond James & Associates (U.S.) definitions

Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.

Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.

Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.

Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.

Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.

Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Latin American rating definitions

Strong Buy (SB1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months.
Outperform (MO2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.
Market Perform (MP3) Expected to perform in line with the underlying country index.
Underperform (MU4) Expected to underperform the underlying country index.

Raymond James European Equities rating definitions

Strong Buy (1) Absolute return expected to be at least 10% over the next 12 months and perceived best performer in the sector universe.
Buy (2) Absolute return expected to be at least 10% over the next 12 months.
Fair Value (3) Stock currently trades around its fair price and should perform in the range of -10% to +10% over the next 12 months.
Sell (4) Expected absolute drop in the share price of more than 10% in next 12 months.

Rating Distributions

Out of approximately 819 rated stocks in the Raymond James coverage universe, 53% have Strong Buy or Outperform ratings (Buy), 40% are rated Market Perform (Hold) and 7% are rated Underperform (Sell). Within those rating categories, 23% of the Strong Buy- or Outperform (Buy) rated companies either currently are or have been Raymond James Investment Banking clients within the past three years; 12% of the Market Perform (Hold) rated companies are or have been clients and 17% of the Underperform (Sell) rated companies are or have been clients.

Suitability Categories (SR)

For stocks rated by Raymond James & Associates only, the following Suitability Categories provide an assessment of potential risk factors for investors. Suitability ratings are not assigned to stocks rated Underperform (Sell). Projected 12-month price targets are assigned only to stocks rated Strong Buy or Outperform.

Total Return (TR) Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.

Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

High Risk (HR) Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.

Venture Risk (VR) Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

Raymond James Relationship Disclosures

Raymond James expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

Company Name	Disclosure
Rhino Resource Partners L.P.	Raymond James & Associates lead-managed an initial public offering of 3.7 million RNO shares at $20.50 per share in September 2010.

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863

Risk Factors

Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at rjcapitalmarkets.com/SearchForDisclosures_main.asp. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see raymondjames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

International securities involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Small-cap stocks generally involve greater risks. Dividends are not guaranteed and will fluctuate. Past performance may not be indicative of future results.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. The prospectus contains this and other information about mutual funds. The prospectus is available from your financial advisor and should be read carefully before investing.

For clients in the United Kingdom:

For clients of Raymond James & Associates (RJA) and Raymond James Financial International, Ltd. (RJFI): This report is for distribution only to persons who fall within Articles 19 or Article 49(2) of the Financial Services and Markets Act (Financial Promotion) Order 2000 as investment professionals and may not be distributed to, or relied upon, by any other person.

For clients of Raymond James Investment Services, Ltd.: This report is intended only for clients in receipt of Raymond James Investment Services, Ltd.'s Terms of Business or others to whom it may be lawfully submitted.

For purposes of the Financial Services Authority requirements, this research report is classified as objective with respect to conflict of interest management. RJA, Raymond James Financial International, Ltd., and Raymond James Investment Services, Ltd. are authorized and regulated in the U.K. by the Financial Services Authority.

For institutional clients in the European Economic Area (EEA) outside of the United Kingdom:

This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

For Canadian clients:

Review of Material Operations: The Analyst and/or Associate is required to conduct due diligence on, and where deemed appropriate visit, the material operations of a subject company before initiating research coverage. The scope of the review may vary depending on the complexity of the subject company's business operations.

This report is not prepared subject to Canadian disclosure requirements.

Proprietary Rights Notice: By accepting a copy of this report, you acknowledge and agree as follows:

This report is provided to clients of Raymond James only for your personal, noncommercial use. Except as expressly authorized by Raymond James, you may not copy, reproduce, transmit, sell, display, distribute, publish, broadcast, circulate, modify, disseminate or commercially exploit the information contained in this report, in printed, electronic or any other form, in any manner, without the prior express written consent of Raymond James. You also agree not to use the information provided in this report for any unlawful purpose.

This report and its contents are the property of Raymond James and are protected by applicable copyright, trade secret or other intellectual property laws (of the United States and other countries). United States law, 17 U.S.C. Sec.501 et seq, provides for civil and criminal penalties for copyright infringement.

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863