

## **November Markets Show Positive Gains Despite Periodic Shocks**

Any lingering doubts about whether financial markets are now truly global should have been dispelled by the Dubai World shock in late November. The developer – responsible for all those palm-shaped islands and the world's tallest skyscraper in Dubai's quest to become the Middle East's most cosmopolitan tourist destination – requested six months' delay in paying back an estimated \$60 billion in debt. Fears that international banks could suffer major losses arose at once. Financial markets from Shanghai to London to New York went into sharp declines as investors seemed to immediately opt for safety and liquidity. However, this panicked reaction was fairly short-lived. As November ended, international economic recovery seemed to be back on track.

While it may be a soon-forgotten blip in the global financial recovery, the Dubai World incident indicates how susceptible investors and the major financial markets have become to bad news. Apart from that, however, international and U.S. markets have been moving along the slow recovery track projected by many economists.

At the close of November, the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) stood at 10,344.84, up 6.5% for the month and up 17.9% for the year to date. The NASDAQ Composite (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) finished November at 2,144.60, up 4.9% for the month and 36% for the year, and the S&P 500 (an unmanaged index of 500 widely held stocks) stood at 1,095.63, up 5.7% for the month and 21.3% for the year.

Modestly optimistic reports during the month encouraged the view that the recovery is proceeding. Consumer spending in October rose 0.7%, which may not seem like much until you compare it to the 0.6% decrease in September. New home sales rose 6.2% in October, higher than had been forecast, and orders for basic manufacturing materials – electrical equipment, commercial airplanes and parts, and steel, as well as fabricated metals, rose, too.

Interestingly enough, the savings rate dipped from 4.6% in September to 4.4% in October, indicating Americans are drifting back into a spending mode. It was no surprise to learn that the November Consumer Confidence Index moved up to 49.5 from its 48.7 reading in October – a good sign, but still a long way from the 90 that historically shows the economy is on a strong footing.

Many questions remain as this remarkable year nears its end, but the slow, sometimes unsteady, recovery seems to be holding. This can be the ideal time to review your portfolio to determine whether adjustments are needed to keep it in tune with current market realities and also whether your current asset allocation matches your goals. If you have questions about the markets or want to explore New Year opportunities for your portfolio, please give me a call.

Sincerely,



Mark Thompson, CFP  
Certified Financial Planner

Past performance is not indicative of future results. Investors cannot invest directly in an index.