

Market Update

Individual solutions from independent advisors

JEFF BRAYTON, FINANCIAL ADVISOR

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Upcoming Events

2012 Economic & Market Update

Volatile markets have left investors wondering which way to turn.

Please join Jeff Brayton, Financial Advisor, as he directly addresses the causes of this volatility and where markets may be headed in 2012:

- *How have markets held up despite all the bad news?*
- *How might the European crises impact the U.S?*
- *What's next for the deficit now that the Super committee failed?*
- *Has the housing market finally bottomed?*
- *Why are interest rates so low and when might they rise?*

DATES: Wednesday, January 25, 2012 Tuesday, January 31, 2012

TIMES: 8:30- 10:00 am **OR** 6:00-7:30pm 6:00-7:30 pm

LOCATION: Rahi Executive Center
23550 Harper Avenue, St. Clair Shores
(Harper between 9 & 10 mile)

RESERVATIONS Rochelle Probst
By January 11, 2012 586-498-0788
rochelle.probst@raymondjames.com

**Please include which day and time you will be attending*

**There is no charge for this event*

**Light snacks and beverages will be served*

**Securities offered through Raymond James Financial Services, Inc.
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Financial and Investment Planning

“All of our customers with money must some day put it to work into some revenue producing investment. Why not invest it now, when securities are cheap? Some people say that they want to wait for a clearer view of the future. But when the future is again clear the present bargains will have vanished. In fact, does anyone think that today’s prices will prevail once full confidence has been restored? Let us face it – these bargains exist only because of terror and distress. And when the future is assured, the dollar will have long since lost its present borrowing power. It takes courage, of course, to be optimistic about our country’s future when nearly everyone is pessimistic. But it is cowardly to assume that the future of the United States is in peril.”

Dean Witter, May 6, 1932

The above words of Dean Witter seem as, if not more, true today than they did at the time they were written in 1932.

It’s almost hard to imagine the ridicule and even anger this quote must have drawn when it first appeared back in the depths of America’s Great Depression. The uncertainty our country faced during that period of time would make today’s problems seem almost trivial by comparison. Yet somehow we managed to overcome those problems and emerge as the largest, most transparent and productive economy the world has ever seen.

If you are interested in history, and particularly the Great Depression period, I highly recommend, “The Forgotten Man” by Amity Shales. Not only does the book use facts to clarify many myths about the Great Depression, but it also exposes the danger of excessive government intervention. Just a quick sample: “To justify giving to one forgotten man, the administration (of Franklin Roosevelt) found it had to make a scapegoat of another. Businessmen and businesses were the targets.” Does this sound familiar to anyone? If it doesn’t, take a few minutes to do a Google search and read President Obama’s speech this past Tuesday, December 7th in Osawatomie, Kansas.

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Financial and Investment Planning *continued*

We are now entering the final days and weeks of 2011 which has been a year with plenty to worry about. Starting in Greece this past summer the mess in the euro zone has been at center stage for much of the year. One day there appears to be an agreement and resolution, and the next day Europe appears headed for a financial meltdown. The end result is still unknown, but it certainly appears to be the end of European socialism, as we have known it, and hopefully a valuable lesson for us in the United States.

“The current economic numbers are pointing to moderate GDP growth and it already looks like retail holiday sales are running well ahead of last year.”

On top of the problems in Europe, in the third quarter of this past year we began reading and hearing about the impending and unavoidable economic slowdown which was certain to bring on a double dip recession here in our country. Our position all along has been that the modest slowdown in economic growth over the summer was caused by the dual temporary interruptions of the earthquake in Japan and the unseasonably stormy spring in the United States. The current economic numbers are pointing to moderate GDP growth and it already looks like retail holiday sales are running well ahead of last year.

Finally, and most recently, came the least surprising event of the year when the congressional “Super committee” failed to reach any agreement on how to deal with our country’s debt problem. To almost no one’s surprise they once again acted like children and simply “kicked the can” down the road toward the 2012 elections. I’m all in favor of Warren Buffett’s idea of how we can automatically and permanently solve our deficit problem which is by immediately passing “a law that says anytime there is a deficit of more than 3% of GDP, all sitting members of congress are ineligible for re-election.”

After all of this we appear to have survived another year without financial Armageddon, or as financial author Nick Murray titled a recent article, “The Inevitable End of the World has Inexplicably Been Postponed. Again.” Granted volatility in the stock market has been high and overall returns have been below average, but it is more amazing to me that the market has held up as well as it has in the face of so much bad news.

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Financial and Investment Planning Continued

In trying to look completely objectively at this year's market performance, there are a couple of ways we can interpret what has happened and where we may be headed. One is that some kind of financial collapse has been postponed, but will certainly occur in a matter of time. The media certainly favors this line of thinking and bombards us with daily doom and gloom scenarios. This is nothing new – bad news sells.

The other is that our problems are difficult but solvable, and that much of the bad news has already been factored in to today's stock prices. Consider the fact that the earnings, cash flows, and cash positions of companies in the U.S. and around the world reached record levels in 2011 while the price/earnings ratio of the S&P 500 currently stands at only half of its 1999 level. This would make today's market appear to be undervalued and in the words of Dean Witter from way back in 1932, "Let us face it – these bargains exist only because of terror and distress."

I will be discussing all of these topics, and many more, at our Annual Economic and Market Update in January. I hope that you will make it a point to attend one of the three sessions.

Stocks ended a volatile month almost exactly where they started, and bonds were little changed in November.

Major Stock Indexes

SOURCE: THE WALL STREET JOURNAL

(As of 11/31/11)*

S&P 500 Index	-	0.8%
Dow Jones Industrials	+	4.0%
NASDAQ Composite	-	1.2%
Dow Jones World Index (ex U.S.)	-	15.2%
Russell 2000 (Small Cap Index)	-	5.9%
S & P Mid-Cap 400	-	2.6%

Major Bond Indexes

US Treasury –Long Term	+	18.2%
U.S. Treasury – Intermediate	+	3.4%
Barclays/U.S. Aggregate	+	6.7%
U.S. Corporate—Barclays	+	5.9 %

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

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The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. The Dow Jones industrial Average (DJIA) represents 30 major industrial companies. The Russell 2000 index is an unmanaged index of small cap companies which generally involves greater risks.

Bond prices and yields will fluctuate with market conditions and may be worth more or less upon redemption. When suitable, high-yield bonds should only represent a modest portion of a portfolio. Treasuries are among the most secure investments when held to maturity

The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of Jeffrey Brayton and not necessarily those of RJFS or Raymond James. Expressions of opinions are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

Office and Personal

Last month I wrote about a succession plan agreement that I have signed with another local Raymond James Financial Services office. I signed this agreement to provide our clients with a level of comfort that if something unforeseen were to happen to me they would be taken care of by someone I have selected and trust.

Unfortunately, my wording must not have been very good because I have spoken with a couple of our clients who interpreted this as my plan for leaving or retiring sometime soon. I apologize to anyone who interpreted it in this way and let me assure our clients that I have no plans of leaving this firm or for retiring.

I started this business with Edward Jones Investments by knocking on well over two thousand doors in 1994, and there are many things I still hope to accomplish. I've worked very hard to gain the trust and confidence of many individuals and families and I'm hopeful that there are more people we can help. I recently added Rochelle to our team to help me do a better job of telling our unique story of how we work with our clients, and it is my hope that this will help us spread the word. The majority of the people we work with have come to us via referral. We are very fortunate to have many clients who have had enough trust and confidence in us to refer friends and family members. We are committed to continuously improving and building our practice around the needs of our clients.

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Office and Personal Continued

As an example of this commitment, our Client Service Associate Pat attended training classes at the Raymond James headquarters in St. Petersburg, Florida last month. The classes are taught by associates who work at the home office and they are designed to help us fully utilize the technology and operational support available to our office.

It also gave Pat an opportunity to meet some of the support associates that she speaks with on the phone and to further develop those relationships. Raymond James puts a large emphasis on education and training and I'm pleased Pat was able to take advantage of the opportunity. I'm also glad the seminar was not in the middle of our winter for fear that Pat may not have found her way back until spring!

In terms of holiday scheduling, our office will be open normal business hours each day until the end of the year with the exception of being closed on Monday, December 26th.

As I wrote last month, I hope that everyone can take the opportunity to spend some extra time with family and friends over the next couple of weeks. I wish all of our clients and friends a safe, happy and healthy holiday season.

Thank you for taking the time to read our newsletter and for your continued trust and confidence.

Warm Regards,

Jeff Brayton

Jeff Brayton, Financial Advisor/ Investment Management Consultant, MBA

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