



May 28, 2008

### Oil Price Spiral Spins Dow Well Below Recent Highs

Dear Friends,

As Memorial Day travelers absorbed sticker shock at the gas pumps and airline counters, and thought of ways to save money on vacations this summer, the markets gave us another reminder that the financial world seems stuck in an economic malaise. The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks), which closed several times above 13,000 recently, plunged more than 500 points during the week. Friday afternoon trading was in the 12,500-point range. That was still up more than 6% from the Dow's March 10 close at 11,740, however.

Investors feeling optimistic at rising portfolio values grumbled again as soaring oil prices stayed in the \$130 range after hitting a Thursday high of \$135.09 a barrel. Projected negative effects of higher oil prices cast a gloom over most market sectors.

Oil price dominated economic discussions everywhere as analysts tried to project its effect on all aspects of the economy. Some speculated that prices were the result of a signal from the International Energy Agency in Paris that its upcoming report will revise the oil-supply forecast downward. There is considerable doubt that global production can actually cope with rising demand from both developed and emerging markets

There has been some relatively good news – jobless claims are down, and home sales have slipped less than forecast – but it's quickly forgotten. Any positive vibes the market feels are soon lost in a sea of energy and general economic concerns.

It's a tough market out there, but we can tell you that coping with this kind of volatility is a bit easier if you focus on the long term. We know you can't always wait for things to change, that life can't be put on hold. It's natural for you to have concerns about your investments; you may even be seeking opportunities in this market. If you have questions of any sort, please don't hesitate to call us. We are always pleased to hear from you.

Sincerely,

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