Is It Springtime for the Financial Markets?

Starting off the month of May has brought many changes to our practice and personal lives. I wanted to thank everyone for accommodating us during the move to our new office location. Our former office had been home for almost 6 years and we had many great experiences there, through good times and difficult events. I do want to say that because of our clients, colleagues and business partners, we were able to upgrade to new office space to accommodate our expanding level of financial planning services that we can offer to our clients. It has always been a tenet of mine for our practice to be able to offer top level financial planning services and advice in an environment that is geared completely towards meeting our client's goals. I am looking forward to the future in our new location with enthusiasm and excitement.

If good news follows bad – the definition of what happens in economic recoveries – investors may take solace in the particularly dreary gross domestic product (GDP) decline of an annualized 6.1% in the first quarter of 2009. That followed a 6.3% drop in the fourth quarter of 2008. Together, they indicate that the U.S. economy is shrinking at the most rapid rate in 50 years, since a severe collapse in 1958. This is the third straight quarterly decline in GDP, a first since 1974-75

That news, together with reports showing that consumer spending rose 2.2% in the quarter (compared to a 4.3% drop in the previous quarter) and that the factory sector declined again in April, but at a slowing pace, produced optimism among some analysts, who suggested the worst might be over. Many noted that the government's stimulus package had not had time to kick in during the first quarter. Assessing weakening in these and other segments of the economy, Raymond James Chief Economist Scott Brown said, "We're seeing the worst part of the decline in some sectors behind us. There is hope for a bottom and a gradual recovery into next year."

Indeed, financial market gloom seems to have lifted a bit. In what amounted to an April rally, all three commonly quoted indices turned in positive results. The NASDAQ (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) led the way up, gaining 12.3% from its March 31 close. The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) closed up only 7.3%, while the S&P 500 (an unmanaged index of 500 widely held stocks) rose 9.4% for the month.

Year to date, the NASDAQ is up 8.9% since its December 31 close, while the Dow and the S&P 500 remain in negative territory, down 6.9% and 3.4%, respectively, since the beginning of the year. Of course, all the indices remain far below highs reached in October 2007.

The Federal Reserve concluded its two-day April meeting with a statement indicating it will continue to buy up mortgage-backed securities and Treasury bonds – and that its near-zero federal funds rate is likely to stay in place for some time, even as the modestly improved economic outlook reflects "some easing of financial market conditions."

You're not alone if you have been cheered by the general trend of the markets over the past several weeks. A short spurt of upward movement in the markets isn't proof that the worst of the recession is behind us, but wise investors don't ignore such trends, because investment possibilities often emerge in times like these. With the change in the Mark to Market accounting rule, many of the toxic assets that dragged down a company's balance sheet will have time to heal as the loans, mortgages and other assets that were created should have a chance to come back to parity over the next few years.

<u>Financial Planning Recommendations</u> – How many ways can I count my blessings? Last month, I talked about a giant oak tree falling on my house in my bedroom. A few weeks later, renovation and repair is well under way and should be completed over this coming week. This caused me to take stock of not only my mortality but making sure that I had my financial affairs in order. In a greater sense, it gave me a renewed sense of life. As well as turning 41 this past weekend, I always have approached life with a zest to live each day to the fullest and to have no regrets whatever hardships that life might throw my way. I did re-visit my own personal financial checklist to make sure everything was in order from my tree ordeal. I want everyone to do the same for oneself. If creating the checklist is the first step, don't overwhelm yourself trying to get everything accomplished at once. Break it down in quarters over the coming year. We are here to help you as a financial planning practice to help with your insurance reviews, long term care needs, college education concerns for children or grandchildren, and talk about your beneficiary needs for your will and estate. If in doubt call me and if we can't find a solution to your needs together, I will hopefully put you in touch with a specialist that can. Don't put off what you can do today because, as I almost found out the hard way, the oak trees of life don't wait for anyone.

How Can I help you? Many people use our investment and financial planning services because we provide prudent and conservative advice to people who value having a trusted client-advisor relationship. Honesty, professionalism, compassion and respect have been the tenets of working with my friends, clients and professional partners for 15 years now. If you think that others might value this kind of advisor - client relationship, then please let me know how I may be able to help them.

Please feel free to e-mail me at rich.hendry@raymondjames.com or call me at 678-578-2430 or toll free at 877-811-9090 to discuss any market concerns or financial planning that needs to be done for this coming month or year. Visit us at www.richardhendry.net. **We are proud to be part of your wealth management team**.

Sincerely,

Richard P Hendry, CDFA
Registered Principal

Any opinions are those of Richard Hendry and not necessarily those of RJFS or Raymond James. Past performance may not be indicative of future results. Expressions of opinion are as of this date and are subject to change without notice. Keep in mind that there is no assurance that our recommendations or strategies will ultimately be successful or profitable nor protect against a loss. Any information is not a complete summary or statement of all available data necessary for making an investment decision. 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. Investors are reminded that dollar cost averaging does not assure a profit and does not protect against loss in declining markets. Since it does involve continuous investments in securities regardless of fluctuating markets, investors should consider their willingness to continue purchases during market downturns. 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.