

Could the Markets Look Forward to a V shaped Recovery

While economists debate whether U.S. and global economies are already in what all agree will be a slow recovery, investors have seized on sprinklings of positive news to drive financial markets upward. With the start of August, the most-quoted indices are all at their 2009 highs.

The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) closed at 9,093.24 Friday, up 3.6% from its 2008 close and up 38.9% from its March 9 low. The NASDAQ (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) closed at 1,965.96, a gain of 24.7% from its 2008 close and up a phenomenal 55% since its March low. In the meantime, the S&P 500 (an unmanaged index of 500 widely held stocks) finished the day at 979.26, up 8.4% since the beginning of the year and 44.7% ahead of its March low.

Investors rejoining the market seem to have taken the good news to heart. First, several banks and large companies such as Intel Corp., Caterpillar Inc. and Apple Inc. reported impressive quarterly profits that outpaced expectations. Then came news that existing-home sales in June rose to a seasonally adjusted annual rate of 4.89 million, with sales up in all four regions of the country. The share of foreclosures on the market has shrunk to about one-third of available homes, down from nearly 50% earlier in the year. There are still 3.8 million homes for sale, a 9.4-month supply at today's sales pace – but that's edging closer to the seven-month supply at which point the market should begin to stabilize, according to the National Association of Realtors. For three straight months, prices have risen in about half of the nation's 55 major metropolitan areas.

The markets largely passed over negative news. Mortgage rates have risen, with a 30-year fixed-rate mortgage averaging 5.2%, somewhat above the record low of 4.78% earlier in the year. Jobless claims rose too, although experts claim the trend is stabilizing, and Friday's consumer sentiment reading showed a dip in July, the University of Michigan and Reuters reported, disappointing those who had expected a slight lift.

As I always tend to err on the side of caution, I am cautiously optimistic for the markets and economy as a whole moving forward. There is a link to Brian Wesbury, Chief Economist for First Trust portfolios online at http://www.ftportfolios.com/Commentary/EconomicResearch/2009/8/4/they_should_not_doubt_the_v if you care to listen to his comments. In his most current market video, he talks about what is influencing the markets and what investors might expect from the latter half of 2009 going into 2010.

Financial Planning Recommendations – Each month I have tried to focus on a different financial topic to address. Many times the topic is based upon specific issues that many clients are facing and how they dealt with them. Many times the topic might apply to a specific group and may not be relevant to you. What I do want all my clients, professional partners and friends to know that we are here to help solve, or at a minimum listen to, what is going on in your lives both financial and personal. While I hope that we can solve many of your financial issues or give advice that will lead to a solution, many times it is just lending an ear to listen that helps more times than not. I have made this statement many a time that I love my job for the very fact of the people that I meet and the wisdom that I gain from talking and interacting with so many individuals whom are successful in their own ways. Sometimes that success is defined by dollars and cents and other times it is life experiences such as raising 6 or 7 children or being a pillar in their community. The common thread is that

while many experiences are unique, they can be used to help solve other people's problems as well. Let me tell you how others approached a difficult situation and maybe avoided making a mistake. I have found that many of the problems that we face today have been solved 100 times over throughout history by other people in similar circumstances. Let me know how I can help you.

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, CDFP
Registered Principal

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