Weekly Commentary
June 20, 2011

The Markets

Like a computer owner who successfully reboots after experiencing a blue screen, investors heaved a sigh of relief on Friday as the Dow Jones Industrials and Standard & Poor's 500 Indices eked out gains for the week ending six straight weeks of losses. According to *Reuters*, markets gained after leaders in Germany and France suggested they would provide additional support to prevent Greece from defaulting on its debt.[1] While the announcement soothed investors somewhat, the deal has yet to be accepted by opposition parties in the Greek government.[2] As a result, concerns remain that a Greek default could destabilize the Eurozone and create a global domino effect, according to *The Wall Street Journal*.[3] These worries may be overblown, the news source said, as Greece accounts for just 2% of the Eurozone's gross domestic product (GDP).

The International Monetary Fund (IMF) reduced its outlook for GDP growth in the United States from 2.8% to 2.5% on Friday, according to *Reuters*.[4] While many interpreted this news negatively, the IMF's news release stated that its global growth forecast remained largely unchanged as developing countries continue to show robust growth. Olivier Blanchard, the Fund's Economic Counselor, said he believed the U.S. slowdown was "a bump in the road rather than something more worrisome." [5]

Regardless, investors' optimism remained tepid. The majority of U.S. stocks that performed well last week were in defensive sectors, such as utilities and consumer staples, according to *The Wall Street Journal*.[6] *Reuters* said that risk aversion helped drive the value of gold and the Swiss Franc, which is thought to be a safe-haven currency, higher during the week while the value of commodities fell.[7] *Bloomberg* attributed some of the decline in commodities prices to expectations that slower global growth would reduce demand for raw materials.[8]

Oil prices also declined during the week in response to worries about slower economic growth, according to *Barron's*. This may make Americans happy, who are planning driving vacations, if it translates into lower gas prices. However, their enjoyment may be short-lived as *Barron's* also said that some forecasters predict a rebound in America's growth by year end. [9]That could increase demand for crude oil and push prices higher once again.

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[1] http://www.reuters.com/article/2011/06/17/us-imf-idUSTRE75G2VD20110617?feedType=RSS&feedName=topNews
[2] http://money.cnn.com/2011/06/17/markets/oil_prices/index.htm
[3] http://online.wsj.com/article/SB10001424052702303823104576391991705529786.html?mod=googlenews_wsj
[4] http://www.reuters.com/article/2011/06/17/markets-global-idUSN1725274420110617
[5] http://www.imf.org/external/pubs/ft/survey/so/2011/NEW061711A.htm
[6] http://online.wsj.com/article/SB10001424052702303823104576391140148381756.html?mod=WSJ_Markets_LEFTTopStories
[7] http://www.reuters.com/article/2011/06/17/markets-global-idUSN1725274420110617
[8] http://www.bloomberg.com/news/2011-06-19/funds-trim-bullish-commodity-bets-as-global-growth-may-decline.html
[9] http://online.barrons.com/article/commodities_corner.html

Data as of 6/17/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.1%	1.1%	13.9%	-2.0%	1.0%	0.1%
DJ Global ex US (Foreign Stocks)	-1.4	-1.9	16.9	-4.8	1.8	5.2
10-year Treasury Note (Yield Only)	2.9	N/A	3.2	4.2	5.1	5.2
Gold (per ounce)	0.5	9.0	23.5	20.4	21.9	18.9
DJ-UBS Commodity Index	-4.0	-2.1	23.5	-11.5	-1.0	4.2
DJ Equity All REIT TR Index	1.9	7.3	18.6	2.2	2.8	10.6

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable or not available.

HOW CONFIDENT ARE YOU ABOUT RETIREMENT? The market volatility of the past few years has negatively affected many Americans earnings, savings, and investments. It has also diminished their confidence about being able to retire comfortably. According to the Employee Benefits Research Institute's 2011 Retirement Confidence Survey, American workers are more pessimistic about their ability to retire comfortably than at any time since the survey began about 20 years ago.

The lack of confidence may actually be good news, according to EBRI, because it means Americans may be waking up to the realities of retirement including the need to save more than they are currently. According to the survey about one-third of workers tapped their retirement savings to pay for day-to-day expenses during 2010 and many of them didn't have much saved in the first place. Just 59% of workers are currently saving for retirement and one-half of them have less than $25,000 tucked away, according to the survey. [10]

Work is the new retirement. This new awareness of the cost of retirement may be one reason that many people -- of all ages and income levels -- are planning to work after they retire. [11]A recent Gallup Poll found that about 80% of Americans plan to work during retirement. [12] Most plan to work part-time, although some say they may need to work full-time just to make ends meet. [13]

The silver lining, for those who were looking forward to a retirement of full-time leisure, is that people who continue to work during retirement often experience better health than those who don't work, according to studies cited on LiveScience.com.[14] As long as the work remains low stress, retirees who labor are less likely to suffer from major diseases such as cancer, high blood pressure, and cardiovascular disease. They are also less likely to become depressed.

If you've been rethinking your retirement, you're not alone. If you would like a sounding board or want to discuss options, please give us a call.

[10] http://www.ebri.org/pdf/surveys/rcs/2011/PR914_15Mar11_RCS.pdf
[11] http://www.gallup.com/poll/148004/Healthcare-Costs-Key-Investors-Retire..aspx
[12] http://www.gallup.com/poll/147866/Workers-Expect-Keep-Working-Retirement-Age.aspx
[13] http://www.gallup.com/poll/107146/one-five-americans-expect-work-retirement.aspx
[14] http://www.livescience.com/5789-stay-healthy-retirement-working.html

Weekly Focus – Think About It

After the Constitutional Convention of 1787, Dr. James McHenry, one of Maryland's delegates, reported that Ben Franklin was asked, "Well, Doctor, what have we got: a republic or a monarchy?" Ben answered, "A republic, if you can keep it."

Best regards,

Scott M. Lask

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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