

Fiscal Quarterly: 3 Q 2009

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Rumors of a third quarter turn around came true. Gains in all categories were enjoyed. Stocks rallied up 15.6% with a year-to-date increase of 19.25%. The bond market followed with a 6.98% push for the quarter; a 15.65% gain for the year. Low interest rates continues to keep money markets anchored, only returning 0.02% for the quarter, a scanty 0.16% for the year. International managers swaggered up 19.52%, making them a bit healthier from their doldrums of 2008. For the year they are up 29.57%.

It may not have actually been the worst recession since 1930s (the Carter to Regan years produced years of dull pains) but we are not out of the woods yet. On the brink is the gorilla of inflation. The term “job-less recovery” is being bantered about; I had to check but it seems all recoveries have been jobless. A natural retraction of payroll makes companies more efficient and when their profits reach a certain x-factor the expanding of the workforce become palatable. The early 1990’s, 1980’s, 1940’s and 1930’s all pulled work forces back until the easement of cash flow and genuine economic growth allowed employers to start aggressively exploring new opportunities.

We continue to be bullish on the fourth quarter. Already we have reached the emotional milestone of DOW 10,000. I would not recommend moving to stronger equity positions though. The international swagger also may be short lived.

As always, keep your phone calls coming. We’ve seen a dramatic increase in communication week to week. This really helps me understand how to better serve you.