

Weekly Commentary July 21, 2008

The Markets

It was a market of extremes last week.

First, the extreme bad news. On Tuesday, the Dow Jones Industrial Average closed below 11,000 for the first time in two years, according to Bloomberg. That same day, Fannie Mae and Freddie Mac, the largest U.S. mortgage-finance companies, lost more than a quarter of their market value, according to Bloomberg. Also, the S&P 500 Financials Index dropped 3%, closing at a level not seen since 1998 and capping its steepest-ever five-day retreat. And, to add insult to injury, Bloomberg reported that the global stock market decline has erased more than \$13 trillion in market value since last October.

Now, the good news—investors' memories can be short! Starting on Wednesday of last week, the Dow rose a total of 4.9% over three days, which was its biggest three-day gain since March 2003, according to *Barron's*. Better than expected earnings from Wells Fargo, JP Morgan, and Citigroup helped fuel the rally, according to MarketWatch. And, speaking of fuel, oil prices declined more than \$16 per barrel last week and that helped give support to the markets, according to MarketWatch.

The midweek rally was also boosted by news from the Securities and Exchange Commission on Tuesday that it was placing new temporary restrictions on short-selling the stock of 19 financial companies. This new rule is designed to relieve some of the downward pressure on companies such as Fannie Mae, Freddie Mac, Bank of America, Merrill Lynch, Citigroup, and Lehman Brothers, according to MarketWatch. This is not a recommendation to buy or sell any of these stocks, but it is worth noting that all 19 of the stocks on this list rose in value from Tuesday through the close of trading last Friday, according to the *Wall Street Journal*.

When the dust settled last week, the Dow was up a much welcome 3.6%. With all the extreme action last week, it will be interesting to look back six months to a year from now and see if last week was a turning point or just another crazy week in this unpredictable market.

Returns through 7/18/08	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	3.6	-13.3	-17.0	2.8	4.6	2.1
NASDAQ Composite	2.0	-13.9	-15.1	2.1	6.0	1.3
Standard & Poor's 500	1.7	-14.1	-17.8	1.1	4.9	0.6

Sources: Yahoo! Finance, Barron's. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. Three-, Five-, and 10-year returns are annualized. Assumes dividends are not reinvested.

SO WHAT ARE YOUR THOUGHTS on the concept of retirement? A recent study by Charles Schwab and AgeWave titled, "Rethinking Retirement: Four American Generations Share Their Views on Life's Third Act," reached the following conclusions:

- Fifty-two percent of respondents see retirement as an opportunity for a new, exciting chapter in life.
- Seventy-one percent of pre-retirees said they want to work in retirement and the most popular reason for working in retirement was to stay mentally active.

- Three in five said they would like to move to a completely different line of work when they retire.
- Slightly more than half of the respondents said they want to focus on their own needs and interests in retirement while 45% said they want to focus on giving back to family and community.
- Forty percent said they anticipate providing financial support to their parents at some point in the future and 25% think they'll have to support a sibling.

It appears that the very concept of retirement is changing. With people's lifespan increasing, the idea of working for 40 years then retiring to golf and a rocking chair is pretty much gone. Today, many retirees are relatively young and in good health. Rather than relaxing, they want to pursue dormant passions and engage in more meaningful work—even if it means receiving little pay.

Whether you're approaching retirement or in retirement, we're happy to talk to you about how to make your golden years truly "golden."

Weekly Focus – The Pursuit of Happiness

The Declaration of Independence says the pursuit of happiness is an inalienable right. Well, the writers of that document are on to something. Science is now telling us that instead of our happiness being stuck at some inborn level, we can actually take actions that will positively affect our happiness level and keep it at a high level for a long time. In her new book, *The How of Happiness: A Scientific Approach to Getting the Life You Want*, professor Sonja Lyubomirsky says about 50% of our happiness is genetically set and 10% is based on our life circumstances. That means a significant 40% is up for grabs. All we have to do is adopt the behaviors of happy people. And, without further suspense, here are some of those behaviors:

- Practice gratitude
- Be optimistic
- Nurture relationships
- Commit to goals
- Develop coping strategies
- Learn to forgive
- Be physically active

Happiness may take work, but the results will outweigh the effort.

Best regards,

The Advocate Group

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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- * The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
- * The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks.
- * The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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