

Weekly Commentary

July 28, 2008

The Markets

Despite a 15.2% drop in the price of a barrel of oil last week, the stock market finished mixed as weak jobs and housing data took center stage, according to MSN Money.

The Labor Department helped sour the market last Thursday by reporting another rise in first-time claims for state unemployment benefits. That kept fears of a slowing economy top of mind with investors. Shortly after that release, the National Association of Realtors delivered the dour news that sales of existing homes in the United States fell to a 10-year low in June. By the end of the day, the Dow Jones Industrial Average had lost 283 points.

In order for this market to begin a sustained rally, we may need to see some stability in the housing market. Currently, falling home sales combined with decreasing home prices (a 15.3% decline for the 12 months ending April 2008, according to the S&P/Case-Shiller Home Price Index), is a not a good recipe for a bull market. When prices drop, that's bad news for financial institutions because it may cause them to take write-offs and raise additional capital that may dilute existing shareholders.

On top of the declining home sales and falling prices, mortgage rates hit their highest level in nearly a year last week, according to data from Freddie Mac. Thirty-year mortgage rates averaged 6.63% last week, which is a sharp increase of more than a third of a percentage point from the week before. Freddie Mac's chief economist said rising inflation concerns and a greater probability that the Federal Reserve will start raising short-term interest rates later this year were factors in last week's mortgage rate increase.

The good news is the housing sector should eventually turn around. At some point, we expect the current glut of homes on the market to be chipped away and prices to firm. That will likely occur when the economy strengthens and jobs become plentiful again.

While we don't take any pleasure in weak financial markets, we try to make the best of the situation by acting on any opportunities that they may present.

Returns through 7/25/08	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	-1.1	-14.3	-14.3	2.4	4.1	2.3
NASDAQ Composite	1.2	-12.9	-9.8	2.2	5.9	1.8
Standard & Poor's 500	-0.2	-14.3	-13.8	0.8	4.7	0.9

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.

BRETT FAVRE'S ON AGAIN, OFF AGAIN RETIREMENT SAGA is causing heartbreak for many Green Bay Packers fans, but in his struggle, we can all learn an important lesson. As you may know, for several years, legendary quarterback Brett Favre wrestled with the issue of retiring. After last season, he finally decided to pull the plug and retire... or so we thought.

Favre recently told the Packers he wants to play football again and, if it's not with the Packers, then he'd like to be traded to a team of his choice. Ouch! Seeing Brett Favre suiting up in a non-Packers

uniform would be just too much to bear for some fanatical cheeseheads. The Packers organization has said Favre can come back, but he would not begin the season as the number one quarterback.

Here's the key point in this drama that most of the media is missing – *Brett Favre was totally unprepared for life after football*. As the quintessential quarterback, Favre gave his heart and soul to the gridiron. Unfortunately, he didn't prepare himself *emotionally* for the day when he'd have to hang up the cleats.

Having enough money to retire with dignity is one thing, but having the emotional wherewithal to handle stepping out of the job, career, or calling that you've worked so hard at could be a completely different thing. If you're nearing retirement, it's time to ask yourself some tough questions. Here are a few to consider:

- How will you and your spouse interact now that you may be spending a lot more time together?
- Do you have a hobby to keep you busy in retirement?
- Do you want to find a part-time job in an area that you are passionate about?
- Do you want to volunteer and give back to your community?
- Do you want to travel more and, if so, where do you want to go?
- Will you relocate and, if so, where will you move to?
- How will you replace the intellectual stimulation and satisfaction you received from paid work?

Some people are able to quit working and never look back. But, many people struggle with how to redefine their lives after their main working period ends. While athletes such as Brett Favre, Michael Jordan, and Joe Montana all publicly struggled with letting go of their athletic careers, the change can be just as tough for the unsung average American who worked hard for many years to be a good family provider.

The key is to understand that with some thoughtful advance planning, retirement can be one of the happiest periods of your life. We're here to help make that happen in any way we can.

Weekly Focus – Retirement Thoughts

Here are a few quotes about retirement that are worth pondering:

“Retire from work, but not from life.” – *M.K. Soni*

“Don't simply retire from something; have something to retire to.” – *Harry Emerson Fosdick*

“A retired husband is often a wife's full-time job.” – *Ella Harris*

“Retirement is like a long vacation in Las Vegas. The goal is to enjoy it to the fullest, but not so fully that you run out of money.” – *Jonathan Clements*

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 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.
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