



Weekly Commentary
March 3, 2008

The Markets

“It's not what's in the news today; it's what's already in the price that matters.”
Unfortunately, that insightful comment from the March 3rd issue of *Barron's* magazine leaves unanswered just how much of the current bad news is already priced in the market.

Last week's news was not pretty, yet the markets, while down, did not reach panic mode. For the most part, investors seem to realize that the economy has issues and corporate earnings growth is likely to slow down. The fact that stock prices are down this year seems to reflect that understanding. However, going forward, for stock prices to move dramatically to the upside or downside, there would likely need to be a mass shift from the current expectations built into the markets. The only problem is nobody can predict a) how much bad news is already “built” into the market, and b) whether the next market moving news will be positive or negative.

The Federal Reserve seems intent on keeping interest rates low at the possible expense of inflation, according to Fed Chairman Ben Bernanke in testimony to Congress last week. That stance has potential positive and negative ramifications. If he overshoots and rates go too low, that may cause inflation to ramp up and the dollar to keep declining. On the positive side, if he strikes the right balance, it may prevent a deep recession. Investors are not shy in voicing their opinions. Some say Bernanke is nuts and is dropping rates too much while others say he's on the right track.

As long as investors hold opposing opinions, that's a good thing because it may prevent markets from spinning out of control. If everybody decided at the same time that the markets were under pricing the economic slowdown, then we may have a problem as everybody rushes for the exits. However, we don't anticipate that happening as there always seems to be investors who are willing to step in and buy when they smell bargains.

Returns through 2/29/08	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	-0.9	-7.5	1.3	4.4	9.2	3.7
NASDAQ Composite	-1.4	-14.4	-4.1	3.1	11.2	2.6
Standard & Poor's 500	-1.7	-9.4	-4.1	3.2	9.8	2.4

Sources: Yahoo! Finance, Barron's. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. Three-, 5-, and 10-year returns are annualized. Assumes dividends are not reinvested.

WHEN IT COMES TO FINANCIAL MATTERS, the adult children of baby boomers defy the traditional Gen-X “slacker” stereotype. According to the “Ameriprise Financial Money Across Generations” study, adult children of boomers are fixated on finances. In fact, 87% of the adult children of boomers said it is very important to them to assure a financially secure life. Other goals: Seventy-two percent of adult children of boomers said it is very important to them to substantially help their children or grandchildren pay for education (compared to 50% of boomers and 38% of boomers’ parents). Also, compared to their parents, twice as many adult children of boomers (60%) said that it is very important to them to preserve wealth to leave to their children.

In other insights, the study disproved Gen-X’s spendthrift reputation. For example, illustrating frugality in a difficult market, the adult children of boomers expressed the lowest level of confidence that now is a good time to make major purchases. More than one third (36%) said “now is a good time to wait” before buying, compared to 28% of both boomers and parents of boomers. What’s more, the adult children of boomers were the most likely to strongly agree with the statement, “I don’t like to be in debt at any time” (80% compared to 68% of baby boomers).

However, the survey also found Gen-Xers were not confident in their own money management skills. When asked, “Do you think your generation, your parents’ generation, or your grandparents’ generation has the best money management skills?,” only 15% of the adult children of boomers said their own generation. Almost a third (31%) of Gen-Xers said their parents’ generation had the best money management skills, and 53% said the boomers’ parents’ generation is the best at handling money.

In spite of their perceived lack of money skills, the adult children of boomers are the most optimistic generation about their financial futures. Forty-six percent of the adult children of boomers said they are very optimistic about their personal financial future, compared to 39% of boomers and 28% of the boomers’ parents’ generation. Additionally, 48% of the adult children of boomers said they are very confident in their ability to reach all of their financial goals over time, while only 36% of boomers and 34% of boomers’ parents indicated they feel the same way.

This may be an interesting launching pad to talk to your adult children about money.

Weekly Focus – Favorite Movies

What is your favorite movie of all time? Here’s how American adults responded to a February 21, 2008, Harris survey:

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| 1. | Gone with the Wind | 7. | The Notebook |
| 2. | Star Wars | 8. | Forrest Gump |
| 3. | Casablanca | 9. | The Princess Bride* |
| 4. | Lord of the Rings | 10. | The Godfather* |
| 5. | The Sound of Music | | * Indicates a tie |

Have a great week!

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.

* 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.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Consult your financial professional before making any investment decision.

* You cannot invest directly in an index.

* Past performance does not guarantee future results. .

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