ASCENSION CAPITAL ADVISORS, INC.

Weekly Commentary
May 19, 2008

The Markets

Do you remember when Jimmy Carter was President? That's how long it's been since consumer confidence was as low as it is now.

The Reuters/University of Michigan index of consumer confidence sank to 59.5 in May, according to a Reuters report. That's the lowest level since June 1980, the waning days of the Carter administration. Back then, "Inflation was roaring at a 14.3% annual rate while the unemployment rate was 7.5%, for a 21.8% 'misery index' (the sum of the jobless and inflation rates)", according to Barron's. By contrast, the current "misery index" is only 8.9%—a mere fraction of what it was the last time consumer confidence was this low.

Something seems a bit out of whack here. Consumer confidence is at a 28-year low yet inflation is not out of control, the unemployment rate is only around 5%, the economy, while slow, is not in dire straits and the Dow Jones Industrial Average is within 9% of an all-time high. Hmm.

So, why are consumers so glum? Most likely, it's a combination of factors including high gas and food prices, declining housing prices, a never-ending political season and the announcement on April 8 by NBC that ER will end its run in February 2009. ER aside, consumers are in a bad mood, but they still snatched up stocks last week as all the major averages posted solid gains.

Despite low consumer confidence, affluent investors think this may be a good time to buy stocks. According to the annual Bloomberg/Los Angeles Times poll of investors, "Forty-four percent of those with household incomes of $100,000 or more viewed it as a good time to buy stocks, versus 15% who said it isn't." Time will tell if they end up putting their money where their mouth is.

Returns through 5/16/08	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	1.9	-2.1	-4.2	8.2	8.4	3.7
NASDAQ Composite	3.4	-4.7	-1.2	8.2	10.5	3.3
Standard & Poor's 500	2.7	-2.9	-6.4	6.9	8.6	2.6

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.

IT LOOKS LIKE IT'S GETTING HARDER to keep up with the Joneses. Last week, we published some data from the IRS on how income and income taxes are distributed in the U.S. This week, we'd like to share a chart, which shows the minimum level of adjusted gross income (AGI) you need in order to reach certain percentiles. For example, in 2005, you needed an AGI of $103,912 to be in the top 10% of all taxpayers.

Tax Payers	Adjusted Gross Income Floor on Percentiles 2005	Adjusted Gross Income Floor on Percentiles 1995	Percentage Change 1995 - 2005
Top 1%	$364,657	$209,406	74%
Top 5%	145,283	96,221	51
Top 10%	103,912	72,094	44
Top 25%	62,068	44,207	40
Top 50%	30,881	22,344	38

Source: IRS Statistics of Income Bulletin, Winter 2008

It's interesting to note that over the 1995–2005 time period, the minimum AGI needed to be in the top 1% grew nearly twice as fast as the minimum AGI needed to be in the top 50%. Looking at it another way, in 1995, you needed to earn about nine times the 50th percentile AGI in order to reach the top 1% of all tax payers. By contrast, in 2005, you needed to earn about 12 times the 50th percentile AGI in order to reach the top 1%.

The inescapable conclusion is the "price" of admission to the top AGI ranks has grown at an increasingly faster rate over the past 10 years.

Weekly Focus – Look in the Mirror

With graduation season in full swing, it's an opportune time to sample some wisdom from Steve Jobs, who gave the commencement address at Stanford University in June 2005. Here's a snippet from what he told the students that day.

> "For the past 33 years, I have looked in the mirror every morning and asked myself: 'If today were the last day of my life, would I want to do what I am about to do today?' And whenever the answer has been "No" for too many days in a row, I know I need to change something."

How would you answer Jobs' question? Is there anything you need to change? Is it something we can help you with?

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.

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