

## Market Update – January 6, 2010

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As we flip the calendar from 2009 to 2010, many of you may be saying good riddance as we put this tumultuous year behind us. As we sift through the statistics of year that was we also would like to share some thoughts for the New Year.

At the close of the final market day of 2009 the DJIA stood at 10,428.05 the S&P500 at 1,115.10 and the NASDAQ at 2,269.15. Wall Street was savoring the big picture: the great 2009 increases, including a 64.83% advance of the S&P500 since it's March 9<sup>th</sup> close (at which time it was down 53.8% from its all time high in October 2007).<sup>1</sup>

% Change	2009	Since 3/9/09
DJIA	+18.82	+59.28
NASDAQ	+43.89	+78.87
S&P 500	+23.45	+64.83

CNNMoney.com 12/31/09

Fueling this rally has been a massive government stimulus, stronger than expected corporate earnings, historically low interest rates and in general a bounce back to what may have been an emotional over reaction to the downside.

So what can we expect for 2010? According to the Wall Street Journal (1/4/10), most analysts expect 2010 to be positive for the market but with some bumps along the way. The economy seems to have momentum but we expect a slow recovery. We have seen some company stock prices rewarded just for staying in business. Now they must prove they are on the road to prospering.

The Federal Reserve has continued to maintain low interest rates and the federal government continues to pour stimulus funds into the economy. We will want to keep an eye on the Fed's movements if they see inflation start to rear its ugly head.

Perhaps our biggest indicator we would like to see strengthen, especially here in San Diego is the housing market. So many jobs are related to this sector as is the homeowner's sense of well being. The Labor Department's December 26 report showed initial jobless claims at 432,000, the lowest level since July, 2008.<sup>2</sup>

We continue to stand on our soap box preaching the need for a diversified portfolio. The media continues to call the last ten years the lost decade as the S&P 500 was down 9.1%. However, that may not be the case for the diversified investor. *Take a look at the attached report by JPMorgan showing that a hypothetical portfolio diversified among stocks, bonds, commodities and REIT's (the exact mix is disclosed on the report) would have been up 59.9% over the same*

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*ten years!* This once again reminds us not to chase the winners but to build a portfolio consisting of a variety of investment allocations<sup>3</sup>

Most importantly we would like to simply say Thank You. We know that your patience has been tested and we are deeply grateful to have had your continued support during this difficult year. We remain committed to providing outstanding service, quality investment products and financial planning direction for the New Year.

Wishing you the best for 2010,

Barbara and Gloria

### Notes:

1. CNNMoney.com 12/31/09
2. [money.cnn.com/2009/12/31/new/economy/initial claims](http://money.cnn.com/2009/12/31/new/economy/initial_claims) (12/31/09)
3. JPMorgan Guide to the Markets 12/31/09

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