



**Scannell Wealth Report
August 1, 2011**

The Markets

“Uncertainty” is an overused, but appropriate word to describe the situation our country finds itself in.

- We have uncertainty in Washington about how our budget issue will get resolved.
- We have uncertainty about the economy as it hasn't fully recovered from the Great Recession.
- We have uncertainty about the value of the dollar as gold prices hit record highs and the dollar remains depressed.
- We have uncertainty about how the war on terrorism will progress.
- We have uncertainty about when the housing market will recover.

Yet, when you think about it, uncertainty is actually the norm. For example, in the past 100 years, we've had two World Wars, several regional wars, a Cold War, a Great Depression, a presidential assassination, a bitter battle over Civil Rights, rampant inflation, and other scary events.

History shows that uncertainty is a fact of life. History also shows that Americans find a way to deal with it and overcome it.

As financial advisors, we can't “control” or “fix” uncertainty. We can, however, account for it. We realize that every investing decision carries with it a certain degree of risk or uncertainty. Knowing that, we do the best job we can to “account” for what could go wrong.

We try to make decisions that consider the best case and worst case scenario. We try to find investments that help balance each other so a possible decline in one investment might be offset by a possible rise in another. We try to look at the big picture and make investments that are commensurate with the risks our clients are willing to incur.

Because of uncertainty, we won't always be right. However, because of our *awareness* of uncertainty, we're always looking for ways to help protect the downside while leaving room for potential upside profit.

Data as of 7/29/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-3.9%	2.8%	17.3%	0.8%	0.2%	0.7%
DJ Global ex US (Foreign Stocks)	-2.1	0.6	14.8	-0.7	1.1	5.9
10-year Treasury Note (Yield Only)	2.8	N/A	3.0	4.0	5.0	5.1
Gold (per ounce)	1.7	15.5	40.1	21.1	20.8	19.9
DJ-UBS Commodity Index	-1.5	0.3	23.5	-7.1	-1.8	4.7
DJ Equity All REIT TR Index	-3.7	11.0	23.4	3.8	2.1	11.1

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable or not available.

THERE IS A DISCONNECT BETWEEN MIDDLE AMERICA AND CORPORATE AMERICA and that's one reason why the economy remains stuck in neutral.

Unfortunately, Middle America is stagnating. The economic recovery that started in June 2009 has been the second weakest recovery since World War II, according to *The Wall Street Journal*. Underscoring that weakness, the government reported last week that the economy grew at a feeble 1.3 percent pace in the second quarter -- essentially stall speed and not enough to reduce the unemployment rate.

The average American is also feeling glum. Thomson Reuters/University of Michigan reported last week that their index of consumer sentiment for July fell to its lowest level since March 2009. You may recall that March 2009 marked the bottom of the recent bear market.

Simply put, Middle America is getting squeezed with high unemployment and slow economic growth.

On the other hand, Corporate America is thriving.

Despite weak economic growth, profits of U.S. corporations are at record levels, according to government data as reported by MarketWatch. Relatively stronger growth in emerging markets coupled with belt tightening, productivity gains, and slimmer payrolls have helped U.S. companies generate these record profits.

Longer term, for our economy to rise above the malaise and corporate profits to remain strong, Middle America needs more jobs which will help boost spending and jumpstart economic growth. Consumer spending is critical because it accounts for about 70 percent of economic activity in the U.S. and until spending starts to accelerate - it rose only 0.1 percent in the second quarter -- we may find ourselves continuing to "muddle through."

Weekly Focus – Think About It

"Do not let what you cannot do interfere with what you can do."

--John Wooden, Ten-time NCAA National Championship Basketball Coach

Best regards,

Scannell Wealth Management Group

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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.
- * The Dow Jones World (Ex. U.S.) is an unmanaged group of securities considered to be representative of the non-U.S. stock market in general* 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.
- * The Dow Jones World (Ex. U.S.) is an unmanaged group of securities considered to be representative of the non-U.S. stock market in general.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.*To unsubscribe from the Weekly Market Commentary, please reply to this e-mail with "unsubscribe" in the subject line.

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