

Scannell Wealth Report

Compliments of Timothy M. Scannell, CPA, CFP®

Week of

October 31, 2011

Vision

To enhance our clients' quality of life.

Mission

Our mission is to plan for our clients' future, so they can enjoy the present. We accomplish our mission when our experienced and Professional Team gives clients proactive, personalized service and communication. This process is designed to ensure that our clients' wealth plans keep pace with life changes.

The Markets

After 14 summits in 21 months, have European leaders finally solved their sovereign debt problem? Judging by the stock market's reaction, you might think the answer is yes.

In marathon sessions last week, European leaders agreed on a new, three-point deal to stave off a deeper debt crisis. The deal includes:

1. A commitment by banks and other private bondholders to accept a voluntary 50% writedown on Greek government debt.
2. A boost in the lending power of the euro-zone bailout fund.
3. A 106 billion euro (\$148 billion) recapitalization of European banks.

Source: MarketWatch

Even though details were still a bit sketchy, investors threw caution to the wind and bid up stock prices. U.S. stock prices rose 3.8 percent last week and 14 percent for the month with just one trading day left, according to Bloomberg.

With Europe's debt crisis tempered for the moment, attention now turns to the U.S. On the positive side, the U.S. economy grew at a 2.5 percent clip in the third quarter, which was the fastest pace in a year. In addition, third-quarter earnings are still coming in strong as about 75 percent of the companies reporting so far have beaten expectations, according to Bloomberg.

Looming on the horizon, the congressional supercommittee has about one month left before making its recommendations on how to cut at least \$1.2 trillion from the federal budget. If the supercommittee fails, then across the board budget cuts of a like amount would ensue.

As of last week, investors were happy to breathe a sigh of relief that Europe seems to have dodged a disaster (at least for now) and the U.S. economy still has some life.

Data as of 10/28/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	3.8%	2.2%	8.6%	11.0%	-1.4%	1.8%
DJ Global ex US (Foreign Stocks)	6.9	-8.1	-4.3	16.7	-1.9	5.8
10-year Treasury Note (Yield Only)	2.3	N/A	2.7	3.8	4.7	4.5
Gold (per ounce)	6.0	23.5	30.6	33.6	23.4	20.1
DJ-UBS Commodity Index	4.1	-7.1	2.7	5.6	-2.0	5.2
DJ Equity All REIT TR Index	6.5	7.9	10.9	19.3	-0.8	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.



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THE WEATHER AND THE STOCK MARKET HAVE A LOT IN COMMON – they’re both very unpredictable! This past weekend, the Northeast got walloped by a surprisingly strong snowstorm that dumped as much as two feet of snow in parts of Massachusetts. Central Park in New York City even set an October record with 1.3 inches of snow. And, this all happened before Halloween!

Likewise, the stock market has a habit of surprising investors with its ability to rise or fall dramatically in short periods of time. For example, remember the “Flash Crash?” On May 6, 2010, the U.S. stock market plunged for no apparent reason and briefly erased \$862 billion from stock values in less than 20 minutes, according to Bloomberg. It then quickly rebounded.

As it relates to weather, we always know what season we’re in. One look at the calendar tells us whether its winter, spring, summer, or fall. And, depending on where you live, you have a pretty good idea – based on history – of what to expect for each day’s temperature. But, just like the Northeast experienced, you can have an “out of season” experience that messes up your best-laid plans.

The stock market doesn’t have four seasons, but it does have bull and bear markets, which are further divided into secular and cyclical. Market analysts have some general criteria that they use to categorize the markets into these buckets. Yet, like the weather, you could be in a bull market, but still have a nasty market drop that temporarily derails the path of the bull.

Bottom line, just like weather forecasters, market analysts may have a sense for general conditions in the market, but surprises still happen.

Weekly Focus – Think About It

“Sunshine is delicious, rain is refreshing, wind braces us up, snow is exhilarating; there is really no such thing as bad weather, only different kinds of good weather.”

--John Ruskin, leading English art critic of the Victorian era

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.
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