

Scannell Wealth Report

Compliments of Timothy M. Scannell, CPA, CFP®

Week of

January 30, 2012

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.



SCANNELL
WEALTH MANAGEMENT GROUP

The Markets

At its most basic level, a trade takes place when a buyer is willing to buy at a certain price and a seller is willing to sell at that price. Both parties could be smart, experienced, and looking at the same data, yet somehow one party thinks it's a good price to buy and the other thinks it's a good price to sell.

Last week, several news items represented good examples of how investors could look at the same data and draw different conclusions. Consider these:

- **Gross domestic product rose at a 2.8 percent pace in the October through December period.**

Bullish investors say that's up from 1.8 percent the previous quarter and the fastest pace in a year and a half.

Bearish investors say it's less than the 3.0 percent growth expected by economists and most of the growth was due to inventory accumulation.

Source: MarketWatch

- **The International Monetary Fund (IMF) cut its forecast for global economic growth in 2012 and 2013.**

Bullish investors say fears are overblown as private-sector economic activity in the 17 nation euro zone showed small, but unexpected, growth in January and durable-goods orders were up a strong 3.0 percent in December in the U.S. – the third straight increase.

Bearish investors say just heed the IMF's warning, "Global growth prospects dimmed and risks sharply escalated during the fourth quarter of 2011, as the euro-area crisis entered a perilous new phase."

Source: MarketWatch

- **Spanish and Italian bond yields dropped dramatically lately.**

Bullish investors say the drop in yields and the strong demand in January's bond auctions suggest the euro zone crisis is easing.

Bearish investors say the Portuguese bond market is now imploding, the Greek restructuring could fall apart, and the European Central Bank's December offer of unlimited three-year loans to banks has simply delayed the inevitable day of reckoning.

Source: *The Wall Street Journal*

It's differences of opinion like this that make markets. Thanks to the free market, there always seems to be a buyer for every seller – at a price.

Like Joni Mitchell who sang, "I've looked at life from both sides now," we look at the markets from both the bullish and bearish sides and, ultimately, make decisions which we think will best position you to meet your long-term goals and objectives.

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Data as of 1/27/12	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.1%	4.7%	3.1%	15.9%	-1.5%	1.5%
DJ Global ex US (Foreign Stocks)	1.9	7.4	-12.2	14.5	-3.8	5.5
10-year Treasury Note (Yield Only)	1.9	N/A	3.4	2.5	4.9	5.1
Gold (per ounce)	4.4	9.6	29.3	24.4	21.8	20.0
DJ-UBS Commodity Index	3.8	4.2	-8.1	9.9	-1.8	5.2
DJ Equity All REIT TR Index	3.0	6.8	10.3	29.7	-1.5	10.9

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.

WHAT WORRIES AMERICANS THE MOST about the national economy? Here's the top 10 answers and the percentage who said it, according to an early January Gallup survey.

Jobs/unemployment	26%
National debt/Federal budget deficit	16
Continuing economic decline/economic instability	10
Outsourcing of jobs overseas/creating jobs in U.S.	6
Obama not doing a good job/no plan/lack of leadership	5
Political bickering/Congress	4
Healthcare/Medicaid	3
Corporate corruption/corporations run the government	3
Housing crisis	3
The future of our children	2
Eight other responses also checked in at 2 percent	

The top two items are not really a surprise, but what's revealing is how low some "important" issues ranked. Taxes, recession, social security, gas prices, education affordability, and the divide between rich and poor (think Occupy Wall Street) all pulled just 2 percent. The stock market and interest rates barely made the list at 1 percent each and ranking 21st and 25th, respectively, out of 26 on the full list.

Interestingly, if we can resolve the two biggest items on the list – the jobs and debt situations – it would most likely also resolve the third item on the list – continuing economic decline.

Do you think the politicians are listening?

(Note: responses total more than 100 percent due to multiple answers.)

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 This newsletter was prepared by PEAK

Weekly Focus – Just for fun: How to Turn a Watch into a Compass

Let's assume that you are lost in the wilderness, but you have a watch that still works. You can easily find the cardinal points by pointing the hour hand at the sun. Then form an imaginary line directly through the center of the "wedge" that is created between the hour hand and 12 o'clock. This is your south-north line. The height of the sun in the sky and the time of day will then show you which end of the line is north and which is south, remembering that the sun sets in the west and rises in the east. Try this at home first!

--Bear Grylls, survivalist, TV host, adapted from his 2008 book, "Man vs. Wild"

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.

Sources:

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