

# Googins&Anton

Investment Advisors

## August 15, 2011 Newsletter

Dear Clients and Friends:

"In times like these, it is comforting to remember there have always been times like these" and, "It is never *as good* or *as bad* as they say it is".

During the past year we have shown you Morningstar Charts which demonstrate the performance of your accounts over the past ten years. These charts show clearly how securities recovered from the March 2009 lows...a dramatic recovery many thought was not possible at the time.

We believe the current mania will also pass. Markets and people are resilient. Solutions exist. Europe seems a huge problem, but the strength of developing markets can overshadow.

Techniques have evolved. Computers, algorithms, and high frequency trading appear to dominate current markets but value always controls in time. One day drops of 4% seem harsh but a manager recounts that happening 36 times during his 40+ years in the industry. Is the underlying cause of the current volatility the huge debt individuals and groups have accumulated? Then, how long will it take to arrive at a manageable level? What would it be like to live in a debt-free society?

The downgrade by Standard and Poor from triple AAA to double AA is a small change. By comparison, Tokyo's rating has been two steps below the new US rating and pays less interest to finance their debt than our government pays on 10 year Treasuries. (CS Daily News Briefing, 8-9-11)

It is said we have just experienced the 'Great Recession' followed by the 'Terrible Recovery.' We are still short 7.7 million jobs that existed before the recent recession. Corporations have cut expenses, accumulated cash, and are waiting for demand to push hiring, but new government regulations and ongoing discussions of tax hikes hinder.

According to economist Brian Wesbury, (8-7-11) the markets are over-reacting to fears about the economy. The U.S. was in much worse shape during the 1970's. Elections in the early 1980's changed the country's course and a boom of unprecedented magnitude ensued.

The history of the markets is that they turn quickly and owning stocks and bonds over time is one of the best ways for anyone to build net worth. As always, we concentrate on the longer term, welcome your questions and recommend investing during troubled times.

Sincerely,

*Louise Googins and Tracey Anton*