

Googins&Anton

Investment Advisors

May 6, 2011 Newsletter

Dear Clients and Friends:

The markets are recovering; they are close to the highs reached in 2007. Small caps, as measured by the Russell 2000 Index, have surpassed the 2007 high. Some people worry "the market is too high." We don't think so but we don't judge the elevations of the markets. Because markets dropped precipitously in 2007, we say they were too high; but returning to those levels is no measure of the market being too high in 2011. Markets have a habit of reaching certain peaks, backing off before retracing those steps and moving to new highs. This normal process is in its fourth year. Nick Murray* reminded us that the S&P doubled nearly 6 times in the thirty years between 1951 and 1981 and then doubled 10 times in the last 30 years. It's time in the market that does the work, not the view of the market.

In the news a few weeks ago was S&P's announcement of a 33% chance it would downgrade our credit outlook in the next two years. It makes sense a rating company would make such a statement as rating companies were berated for not calling the subprime debt crisis in 2006-7. Many criticized the S&P for this statement; others said it was simply stating the obvious. Currently, the political parties are arguing about raising the debt ceiling. The arguments ignore the real issue; raising the debt ceiling allows Congress to issue more debt easily. Not raising the debt ceiling requires the payment of interest on the debt and decisions to lower spending - something well run financial households do all the time.

Oil is in the news. Whenever the price goes up Congress is likely to hold hearings looking for the "bad guys." Of course there will be individual speculators in any market but the reality according to Nick Murray** is that the thirteen largest owners of oil reserves are all state-owned enterprises. Exxon Mobil is the largest private owner of reserves and is number fourteen. The six largest private companies own less than ten percent of the world's reserves, not enough to fix the price. We hope the price of oil and gasoline comes down, but high prices and individual decisions to buy less are the best catalyst for reducing the prices at the pump.

You'll hear a new name and new voice when you call our office. Martha has replaced Michael. It was time for Michael Googins to move on, but neither he nor we know where at this time. We wish him the best.

We welcome your questions and thank you for your referrals.

For short investment topics, please visit our blog at <http://googinsandanton.blogspot.com>

*Article attached to March 31st newsletter **Nick Murray Interactive, April 2011

Sincerely,

Louise, Tracey, Brenda, Martha