

Market Returns					
	August 2009	2009 Year-to-Date		August 2009	2009 Year-to-Date
DJIA	3.5%	8.2%	MSCI EAFE	5.2%	21.1%
S&P 500	3.4%	13.0%	MSCI Emerg Markets	-0.5%	48.0%

**August** Except for emerging markets, satisfying gains were experienced in most global markets. Despite the significant losses experienced in the first ten weeks of 2009 major market indices are now solidly in positive territory.

**Why isn't the consumer spending?** He doesn't have the wherewithal? Has he truly shifted more or less permanently from consuming to saving? Are baby boomers to blame as they prepare for retirement with more urgency after their 401(k)'s and IRA's cratered? Is the baby boomer's new found parsimony affecting the employment opportunities for younger people and thus crimping their spending? We often look for anecdotal evidence of economic conditions. At a recent visit to Michael Symon's new restaurant in Avon Lake, which is reasonably priced given his national reputation, we were surprised there were tables available at 7:30 on a summer Sunday evening. Perhaps our world view is jaundiced living in Northern Ohio, where it feels like our recession began years ago.

**What next for the stock market?** September is historically the market's worst month. October has been the scene of several crashes. The most unlikely outcome may be the winner; a boring, do-nothing market. After September and October it will be interesting to see if there is much tax loss selling of individual stocks. The 15% capital gains rate seems destined to pass into history, and with investor's being able to pair losses with the sale of long held gainers, the selling pressure may be heavier than usual.

**CITI Global Wealth Management ("GWM")** If the preceding seems a bit cautionary, as a counterpoint we offer some quotes from Citigroup GWM's Investment Committee's August meeting:

**The economy:** "The end of the Great Recession is at hand. The consensus view—and ours—is for a subpar global recovery, but we assess the risk to the forecast to be on the upside."

**The stock markets:** "The global equity rally underway since March paused this summer, a phase we regard as healthy... We believe that we are six months into a multiyear bull market that will be powered by sustained profit growth. ...for now, the equity markets are in a sweet spot characterized by improving economic activity and non-threatening levels of interest rates."

**The role of emerging markets:** "Unlike past recoveries, which were spearheaded by the US, this one is being led by the developing economies...BRIC (Brazil, Russia, India, China) household consumption, as measured in US dollars, increased by a greater amount than US household consumption in 2007 for the first time. The trend continued in 2008..."

**Northern Ohio** Living in this part of the country has lots of benefits, the least of which is a strong economy. The challenge we face as advisors and investors is to see beyond our local malaise to the rest of the world's economy, which is, after all, where we put our investment dollars.

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