

High Desert Investment Advisors

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Serving Your Personal Investment Needs Since 2003

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VOLATILITY and about a 5% DOWNDRAFT in the market has put fear in the hearts of Investors. It started last August when the Commercial Paper market closed down because of Sub Prime issues and because of collateral-credibility concerns.

A bubble burst in the mortgage lending, collateralized debt, and hedge fund markets. Global excess liquidity preceded such distortions.

Today, Recession is on the lips of many market commentators. Of course, there is no consensus among economists!! In addition, the ground rules are changing thru a globalization of the marketplace. Economic Statistics readily available for the Domestic market are not so available from other Central Banks.

The question for me - and for you - is "Will our Financial/Economic Model alert us when it is time to begin taking investment money out of equities and move it into cash and/or fixed income?"

THUS FAR, THE MODEL CONTINUES TO RECOMMEND FULL INVESTMENT.

Year End distortions in the economic statistics are consistent with normality. More reliable data will begin to provide better predictive structure to the economy later in the 1st Quarter.

There is little certainty to an economic forecast - ever! About the best we can do is look out 3 to 6 months.

It may be that in April or May, the Model will be recommending changes. For now, however, the Model recommends continued full Investment.

On a personal note, Individual investors must invest at their own levels of tolerance for market volatility. If you are not sleeping at night because of your investment concerns, then do not hesitate to move some or all of your equity investments into cash or into fixed income investments.

Trust that I will follow the market closely, and that YOU WILL BE INFORMED IMMEDIATELY when the Model recommends other than full investment.

MAY THIS NEW YEAR TURN OUT TO BE A GOOD YEAR FOR INVESTMENT PROFITS.....!!

Dick Brackett
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