

March 19, 2013

“Good investors gather information, put that information into current and historical context, then make sound decisions.”

Would you like to hear some good news for a change?

I know I would! One of the by-products of the most successful democratic process in the world is that the disparaging words cast during the election process linger in our minds long after the final vote is cast. The verbal trashing of each political party towards the other regularly involved beating the rug that is our great economy. While systematically pointing out everything that was wrong and pointing fingers on who was to blame, there was no room left on the podium for what was right, let alone what was improving. And right under our noses, despite all of the negative rhetoric, things were already getting better. Because this is America and we fix problems. It is our way.

Here is some of the good news that somehow doesn't make the front page.

1. The housing industry is back. According to the State's Association of Realtors year-to-year increases in home sales and median home prices are rising across the nation. Housing starts are rebounding as well. Case-Schiller reports that year-to-year home prices in even the hardest hit locations of Las Vegas, Los Angeles, Miami, Phoenix, and Portland are back in positive territory. 2. According to the Department of Energy, the U.S.A. could be a net EXPORTER of energy in the next 5-7 years. The shale oil deposits in the North Dakota Bakken and the Texas Eagle Ford that are being accessed now have contributed to a phenomenal surge in U.S. crude oil production, now at levels not seen in twenty years. Imagine the change in world political dynamics if the Middle East no longer had a choke hold on the energy industry. 3. The American consumer is back. The Bureau of Economics reports that personal consumption is rising steadily and has been doing so since the economic panic of 2008. Once the federal government stopped trying to help the auto industry with its 'cash for clunkers' program and got out of the way, total car and truck sales rose back to levels of a decade ago. Also, American consumers are managing their finances in a more responsible manner. The Federal Reserve Board has reported that the U.S. Household Financial Obligations Ratio, a measure of recurring monthly payments as a percent of after-tax income, has fallen to less than 16%, a number not seen since the early 1980's. The Federal Reserve Board also reported that Household Assets are now at the highest levels ever

recorded, in spite of the decline in real estate holdings, and aided by equity markets that are surpassing their 2007 highs.

I am not saying that there aren't persistent problems on the table. Some issues are handled in Washington D.C. and some issues are handled by enterprising businesses, individuals and households across America. Many of the primary problems that need to be resolved in Washington D.C. have been on the table for years, even decades. Unfortunately, partisan politicians sharpen their swords on these issues. It seems the more they seek to 'protect' us from the 'bad guys on the other side of the aisle' the more they secure their own careers. In the meantime, our economy chugs along and the American people take their best steps forward. Oftentimes in the past, the resilience and tenacity of the people have rallied the economy through difficult times, notwithstanding the 'assistance' of the federal government. And it is happening again.

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Sometimes it is best to ignore the chatter from those who sell the news, especially the bad news, and step back to appreciate the big picture. In spite of the headlines and the slow pace of the recovery, there are significant and, in some cases, phenomenal improvements underway. Our financial markets are a reflection of this attitude. True, we have been through a very challenging decade. There were a lot of things that were broke and needed fixing. But like I said earlier, that's what we do in this country. Then we get settled and continue to demonstrate why we are the most productive, creative, powerful, and charitable nation on earth.

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