



## 2<sup>nd</sup> Quarter ~ 2012

It certainly seemed like we were off to a good year...just a few months ago we were looking at an S&P surge of 12% for the first quarter and the economic tea leaves were trying to spell real recovery. Some strong earnings numbers and continued steady Fed policies all felt positive. And there were certainly some now-we're-having-fun moments in the second quarter; Europe throws a lifeline to Spain and the stock market swings up nearly 300 giddy points in one day. Heck, we were even talking about the most pleasant summer weather that Washington had seen in decades. Nothing like a brutal heat wave to shake us sober. Half way through a year of dizzying market swings we find ourselves in the middle of murk with some this-could-get ugly months ahead.

There's plenty on the worry list. The European economic sinkhole is threatening to devour more territory, US employment numbers are bleak and everyone's talking about the "financial cliff" we're teetering on. Congressional action could avert an over-the-cliff, back-into-recession disaster, but Congress is loath to act in an election year. Instead we inch closer to the edge, hurling ugly campaign rhetoric across the aisle from all sides. Not exactly the scenario that inspires Corporate America to embark on a hiring binge.

Where's the good news hiding? There's a chance that stock prices have already adjusted to the slowing economy. Treasuries, bonds, utilities and REITS all looked pretty strong the last few months compared to foreign stock, emerging markets, commodities, small cap and tech stocks. And oil prices are lower. Between increased personal savings rates and lower prices at the pump, some Americans may be able to afford a little road trip this summer after all. Mere glimmers of good, but better than nothing.

On a note closer to home, we were luckily in Singapore welcoming our lovely new granddaughter, Lucy, during the unusually intense thunderstorm which hit the mid-Atlantic area. We knew there would be dramatic stories to share when even the BBC was covering the wild weather back home. We're very grateful that none of our family and friends suffered any injuries but some of the property damage and power outage consequences will be lasting. One of our neighbors had two huge trees fall into each other forming a precarious X just over his house. Good news, a skilled tree removal company was able

to remove the trees without any damage to the house. Bad news, the home owner's insurance company won't reimburse any of the \$15,000 removal cost because there was no damage to the home. Lessons learned from this storm?

- Review your home owner's insurance policy, particularly the details regarding tree removal.
- Time to buy a generator if you haven't already.
- Have some cash in the house to buy the gas for the generator.
- Know the people in your neighborhood. Pooling resources was a key for coping.

On a totally different topic, we are happy to announce the launch of our web site. Sarah deserves the credit for the many hours of effort to make it all happen and she'd love your feedback on what else you might find useful to include. Take a look at [www.schaefferfinancial.com](http://www.schaefferfinancial.com) and send her an email: [Sarah@SchaefferFinancial.com](mailto:Sarah@SchaefferFinancial.com) .

As always, let us know if you have any questions or comments. Although it was hard to leave our sweet grandbabies on the other side of the world, we're close to home for the rest of the summer and happy to be of service.

Enjoy your summer!