

# PLANMARK<sup>SM</sup>

Weekly Commentary  
October 17, 2011

## The Markets

### What happened to the economy?

Less than three weeks ago, it seemed like the economy was falling off a cliff. Firms like the Economic Cycle Research Institute were saying a new recession was on its way and there's nothing the government could do to stop it, according to MarketWatch. The stock market was sensing economic weakness, too, as it slumped to its lowest level in a year on October 3.

But, now, just two weeks later, the S&P 500 stock index is up a whopping 11 percent since October 3 and trading at the top end of a range that it's been stuck in for more than two months, according to Bloomberg.

Has the economy suddenly turned the corner? Well, economic reports in the last couple weeks came in better than expected. According to *The Wall Street Journal*, "Auto sales rebounded to their highest level since April. Chain-store sales posted year-on-year growth of 5.5 percent. The economy added 103,000 jobs, and manufacturing sentiment improved a bit." On top of that, the Commerce Department said retail sales rose 1.1 percent in September -- above the 0.8 percent expected by economists surveyed by MarketWatch.

While the recent positive economic data is encouraging, it would be premature to ring the metaphorical bell for an all-clear signal. The economy still has lots of repairs to make before happy days are here again. In the meantime, we'll keep doing our job which is to help you meet your financial goals and objectives.

Data as of 10/14/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	6.0%	-2.6%	4.1%	7.1%	-2.2%	1.2%
DJ Global ex US (Foreign Stocks)	4.9	-13.7	-11.7	5.7	-2.9	5.3
10-year Treasury Note (Yield Only)	2.2	N/A	2.5	4.0	4.8	4.6
DJ-UBS Commodity Index	4.5	-8.7	0.9	0.8	-2.5	5.0
DJ Equity All REIT TR Index	6.7	-2.2	0.6	8.7	-2.4	9.5

Notes: S&P 500, DJ Global ex US, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable or not available.

**LOOKING BACK ON THE DECADE OF THE 1930s**, which includes the Great Depression, it's hard to imagine that it may have been, "the most technologically progressive decade of the century," according to economic historian Alexander Field. And, those advancements -- in the midst of our country's worst economic slump -- may have set the stage for our post-World War II boom.

Like our Great Depression experience, could the current economic downturn be laying the seeds for a new American renaissance in the coming years?

In his recent book, *A Great Leap Forward*, Field argues that technological advancement and innovation flourished during the Great Depression. In a *New York Times* interview he said, "There is evidence that for some organizations and industries, just as for some individuals, adversity summons reservoirs of initiative and creativity that have long-term positive consequences. And, based on Depression experience, we can be optimistic that when exciting technological paradigms are ripe for exploitation, work will continue on them, slump or no slump."

If necessity is indeed the mother of invention, then right now there may be exciting new technologies and innovation growing under the radar that will bear fruit in the years to come. As David Leonhardt wrote in *The New York Times*, the U.S. has several advantages over other countries including, "The world's best venture-capital network, a well-established rule of law, a culture that celebrates risk taking, (and) an unmatched appeal to immigrants." Those advantages may be working overtime now creating the next "big thing."

Don't forget that 20 years ago, the internet was only known to scientists and academics. Today, it's ubiquitous and would be hard to live without. Twenty years from now we could be writing about something entirely new that changes the way we work and live -- *and employs millions of people.*

It's easy to throw up your arms in frustration about the challenges our world faces. And, yes, we do have challenges and many people are experiencing economic hardship. Yet, there is reason for hope. Seeds were sown during the adversity of the Great Depression that bore fruit in the decades to follow. It could be happening again.

It's never wise to bet against the United States.

### **Weekly Focus – Think About It**

"The American, by nature, is optimistic. He is experimental, an inventor, and a builder who builds best when called upon to build greatly." --*John F. Kennedy*

**Best regards,**



**Fredrick J. Livingston, CFP, AIF  
Winston**



**Mark H.**

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