



Preferred Planning Concepts, LLC

Comprehensive Financial Services for Individuals, Professionals and Businesses

Monthly Newsletter

APRIL 2010

“TRAFFIC SIGNALS ON THE GLOBAL INVESTMENT HIGHWAY”

The German Autobahn is world renowned for its magnificent engineering, and for the ability of drivers to move at incredibly fast speeds. Those of us who have ever been on a deserted stretch of U.S. Highway and allowed your foot to push a bit harder on the gas pedal, know what it means to feel everything whiz by as you roar down the asphalt. It is exhilarating! In the last half of the 1990's, as well as for much of the 12 years prior, the stock market and overall equity investment world got to experience an upward movement that in retrospect would make the Indianapolis 500 look like a minor blur in the rearview mirror. But that was the 1990's, and then came the 2000's; and most investment roads the past 10 years have been filled with more potholes than a Chicago city street in early March. There have been two major declines in the SP500 and DJIA of greater than 50% the past decade, a 100% run-up between 2003-2007, and the 60%+ run-up we've seen since the market lows of March, 2009. It has been a virtual roller coaster of valuations, emotions and psychology.

So where are we now? Some experts, despite many economic fundamentals still showing significant weaknesses, are saying “The recession is over, get on board the recovery train”. Conversely, many academic economists who are focused more on the growing issue of the frightening rise in global sovereign debt problems are saying we are still in for a long, long stretch of challenges. Many of you have expressed gratitude for the in-depth commentaries that Dominic has been diligently sending out to clients and friends. Some have read them in detail; others have just skimmed them for major points, and while some have only glanced at them, but almost everyone has said you are glad that we are being proactive in getting economic information to you.

So where do we stand as a firm? Those of you who have talked with us, or read Dominic's messages, know that we DO NOT believe that the investment highway has signs on it shouting “full speed ahead”. If you have met with Dominic, you know that he carefully examines three aspects of markets: (1) the economic fundamentals (2) the tactical analysis of economic & market charts and (3) the understanding of market sentiment via his successful years as a trader. When those three elements all align in a “positive” way, it is like the traffic lights being “green” for miles and miles. When they all align “negatively”, all you see is an ocean of “red” up and down the boulevard. Right now, there appears to be a major disconnect between the upward movement of the stock markets, and the underlying fundamentals such as unemployment, GDP growth, and rising long-term interest rates. In short, all of the three aspects of our combined analysis do NOT align in unison. Thus, in the vernacular of a traffic signal, it is a “Yellow Light”. And what does a yellow light mean?

SLOW DOWN, TAKE CAUTION, POSSIBLE DANGER AHEAD!”

Be careful in how you drive your money, and talk to us before getting behind the wheel.

Ken, Dave, Dominic, Julie, Therese, Maja, & Holly

A Complete Plan For Your Future

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Questions or Comments Email Us at ttalarico@planning-concepts.com or call (847) 375-0505