March 23, 2012

Dear Investors:

As we enter the last week of the first quarter of 2012, we are in the middle of a two week cluster of market turning point dates. With the last two Fibonacci phi mate dates of December 20th and March 7th, it was clear that the markets turned on December 19th and March 4th. With the current cluster of dates within a short period, it is more difficult to anticipate a market turning point. The markets appeared to have peaked on March 15th and 16th with extremely high volume. However, all of the major indices did not peak on the same day, so it is possible that we could see one more spike higher in the next week or two. For three months, investors have been ignoring global economic warnings as traders took an optimistic view of the markets. However, from a technical and logical viewpoint, this rally leg from the October 3rd low is tiring and investors will begin to show pessimism as global economies do not meet the current high expectations.

The Dow Jones Industrial Average lost 151.89 points, or -1.1%, this week to close at 13,080.73, and is up 7.0% this year. The S&P 500 Index lost 7.06 points, or -0.5% this week, to close at 1,397.11, and is up 11.0% so far this year. The Russell 2000 was virtually unchanged this week slipping 0.15 points, or -0.02%, to finish the week at 830.0, up 12% this year. The NASDAQ Composite was the only major index to post a gain this week as it closed at 3,067.92, up 12.66 points, or 0.4%, and is up 17.7% this year.

During the last three months, we learned that several European nations had declining growth, while others slipped into negative growth or a recession. Europe is the largest importer of Chinese goods and we learned this week that China’s factory orders declined for the fifth consecutive month. The U.S. economy is better than most other countries, but it is certainly not thriving enough to shield itself from a global slowdown. This week, February housing starts, existing home sales and new homes sales were less than expected. In the coming week, we will get February durable goods and the final estimate of the fourth quarter GDP. December’s durable goods number was better than expected due to year-end tax incentives, but January’s number was well off the mark. A second weak month of durable goods could suggest a much lower first quarter GDP. In fact, a weaker than expected fourth quarter GDP could be the catalyst for a sell-off. In addition to weaker than expected key economic data points, traders seemed to ignore the effect of higher gas prices on the U.S. consumer and the economy.

For investors in what Prudential refers to as the “Retirement Redzone”, income and preservation of capital is critical. However, CDs are not even keeping pace with inflation. There is a variety of investment products available to increase the yield of your overall portfolio. Investing should be done as part of a financial plan, not as isolated investments. A sound financial plan hopes to achieve principal protection and asset growth. As life expectancies increase, however, a solid financial plan also needs to focus on creating a stream of income so that you will not outlive your assets. Hope is not a plan and denial can be very costly. If you would like to learn more about how we can help you B.E.L.I.E.V.E. in your retirement or estate plan, please contact our office for a complimentary no-obligation appointment.

If you have any questions, please do not hesitate to call.  Our mission is to be your trusted financial professionals dedicated to delivering a high level of service to enhance your lifestyle and provide peace of mind.

Best Regards,

**Vincent Pallitto, CPA, CFP®**

Certified College Planning Specialist

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973-301-2360

973-301-2370 Fax

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*You cannot invest directly in a market index, market indices are for benchmark purposes.  The information in this market commentary is obtained from various news sources, Stockcharts.com and* [*technicalindicatorindex.com*](http://r20.rs6.net/tn.jsp?llr=5cqn8gdab&et=1106853148619&s=0&e=001IItwJYjbGUGAZoe_wgsIZpB-JXjRkDDWqOGUFmIcZP2fFuPoIxhNMFIS6pAtPRPDVnZlBys4bIxMVXlI4DEhRCU7ddKPYvMpZt2E0FdU1o1bYF2Uy2d3wWFJUKikKb4G&id=preview)*.  Fibonacci Phi Date (also known as Fibonacci Time Extensions) is a technical indicator used to seek to identify the timing of significant price movement in the market, and is based on the Fibonacci Number Sequence. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. CDs are FDIC insured and offer a fixed return and return of principal if held to maturity, whereas investing in securities is subject to fluctuation and potential loss of principal. To determine which investment(s) may be appropriate for you consult your financial advisor prior to investing.  There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful. All performance referenced is historical and is no guarantee of future results.*