November 4, 2011

Dear Investors:

In my last letter, I summarized the market performance for the month of October since I was unable to write a letter last weekend. This week’s letter will summarize the markets over the last week. Prior to this week, the Dow Jones Industrial Average jumped nearly 1,600 points in the last 20 trading days and was poised for a significant sell-off. During the first two days of this week, the Industrials gave back over 600 points of that meteoric rise and spent the rest of the week recovering from about 50% of that sharp two day sell-off. However, the damage from the steep decline did some technical damage. There is a strong likelihood that the markets will move lower into, or around, the next Fibonacci phi mate date of November 11th. The question is whether the decline will bring the markets lower than their October 3rd lows, or will this decline bounce off the October low and continue with the bear market rally. The alternate theory is that the markets will move higher into the next phi mate date to complete the bear market rally, but since the short term stochastics are over-bought this is a lower probability.

The Dow Jones Industrial Average “only” lost 247.87 points, or 2.0%, for the week to close at 11,983.24, and is now up 3.5% for the year. The S&P 500 lost 31.85 points, or 2.5%, this week to close at 1,253.23, and is down 0.35% year-to-date. The NASDAQ Composite dropped 51 points, or 1.85%, this week to close at 2,686.15, and is now up 1.25% this year.

After the technical decline on Monday and Tuesday, the markets were driven by the on again, off again Greek bailout. The disturbing fact about the bailout is that even if Greece is bailed out again, it does not solve their problems, nor does it address the economic problems in Italy and other European countries. The U.S. economic news was not much better. The Department of Labor’s October Jobs Report survey showed that the economy added 80,000 jobs last month. Job growth is good for the economy, but one of the only things experts agree on is that the economy needs to add 125,000 jobs to keep pace with population growth and that has not happened in months.

The key to a solid financial plan is to stay your course and not to be fooled or persuaded by unjustified rallies. I encourage you to make an appointment to review your financial plan and explore year-end tax planning opportunities. As always, I welcome your comments and feedback regarding my letters. I want to thank you again for your referrals and confidence. A referral is the greatest validation of our service and commitment.

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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