

The Double-Dip Days of Summer, 2010

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Growing up, the term “Double-Dip” meant one scoop of chocolate ice cream coupled with a vanilla one, both heaped onto a sugar cone. What a delicious treat on a sun-filled summer day! As this particular summer winds down, the sun seems to be eclipsed by clouds of an economic sort; dark ones that appear to be growing thicker by the day as more and more economists and pundits cite statistics that seemingly point to a double-dip recession. The two scoops cited as the double in this dip; too little economic growth that is generating too much fear.

“V” and “W” - Only Close Alphabetically

According to Wikipedia, a **V-shaped recession** is when the economy suffers a sharp but brief period of economic decline and is followed by a strong recovery. V-shaped contractions and expansions are the norm. In a **W-shaped recession**, aka, “**double dip**”, the cycle is decline, sharp advance and then decline again. Thus, these letters share a close alphabetical address, yet are worlds apart in terms of an economic acronym. Does all the “W-talk” exacerbate investor fear? Does it heighten *your fear*? Only a total preoccupation with preseason football (*one of the few bright spots currently on newsstands*) could keep one unaware of the looming potential W-shaped recession.

Henry Wealth Management’s Perspective

As brothers and business partners, Dan and I do want to offer perspective in the midst of pain. May we draw your attention and remembrance towards two key points and recurring themes?

1. *Recall the very real pit in your stomach during the 1st quarter of 2009, which in hindsight was the depth of a 15-month stock market slide. That time period may have been more painful than this present one, but not by a wide margin. Wouldn’t “selling off” on or around those tempestuous days been a mistake of meteoric proportions, based on the huge gains that then ensuing three quarters offered up? As an aside, who among the media experts was even remotely bullish before that sharp advance?*

2. *Are you a short-term trader trying to realize quick profits, deftly moving into and out of markets and positions, or a long-term investor seeking conservative growth and possibly, an income stream? If the former, we most certainly are not the right advisors for you. If the latter, we ask you to have faith in your carefully constructed allocations, born from an analysis and consideration of your goals, time frames and propensity to risk.*

When do we change?

As we have stated many times, we do change asset allocations (*i.e. the ratio of equities to fixed-income investments*) based on **thoughtful actions** as a result of re-examining goals, but do not alter allocations based on **emotional reactions!**

We are here if you desire to schedule a review meeting or call to discuss your thoughts, feelings, goal and/or plans.

Final Thought to Value Shoppers

One final reminder; **buying low** is what many of us do daily as we shop at store such as Wal-Mart and TJ Maxx, seeking bargains. Buying low is also what savvy investors like Warren Buffett practice. What a great time to deploy excess cash into equities, as Mr. Buffett says, “*being greedy when others are fearful*”. Please stay tuned for more details. By the way, why not choose to create a diversion for yourself and enjoy a simple pleasure that may have also marked your youth? Splurge a little and order up two scoops of your favorite flavors!

Best Regards,



Phil Henry

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