

Having trouble viewing this email? [Click here](#)



DouglasBradley's MONEYWISE

Financial News and Insight from an Independent Advisor

July 2010

In This Issue

[Personal Notes](#)

[Five Key Financial Trends](#)

Personal Notes

Doug - June is the annual School's Out Campout. Every year, on the weekend right after school gets out, we take all our kids camping at Elk Neck State Park at the northern tip of the Chesapeake Bay. This is for dads only - moms get the weekend off. We do the typical camping stuff - sleep in tents, bonfires, s'mores, swimming, hiking, etc... The kids generally run around like wild people for the weekend. Recently we also started Geocaching, which is using a GPS device to find containers that people have hidden (and posted the coordinates on the internet). It's like a modern day treasure hunt. All around, we had another great weekend of memories despite the heat.

Brad - June seems to have been a month where I caught up on a lot of projects that should have been addressed earlier in the year if not for my schedule. My focus was on repairing a nagging suspension problem on the car as well as several other preventative maintenance issues. My other big task was to take care of some landscaping around the house I had been putting off. Specifically, addressing some long neglected overgrowth from a neighbor's

Five Key Financial Trends

Brad and Doug discuss their outlook for five key financial trends that you should factor into your personal finance decisions.

As we scan the economic landscape and watch the world around us, we find that the average person is somewhat at a loss at how to react to or deal with what has been dubbed as the "New Normal". We thought it might be useful to look at five areas that have the greatest impact our day-to-day financial lives and discuss what trends have developed. At the very least, we think this will reset your expectations for the next few years, but hopefully it will also help with any financial decisions you need to make.

Employment/Wages

The current trend is higher unemployment and stagnant wages. Conventional wisdom is that the government stimulus will result in a quick economic recovery, which will lead to lower unemployment and higher wages. We disagree. Our view is that the government stimulus saved some jobs, but did nothing to create new jobs. New jobs and higher wages only come as a result of business leaders' confidence in their future growth prospects - something that is sorely lacking. Practically speaking, plan on a tight job market for quite some time. Adjust your lifestyle/expenses; make opportunities to increase your knowledge/skills; network with peers; carefully consider your reasoning for discretionary jobs changes.

House Prices

The current trend is lower house prices. Conventional wisdom is that house prices will be flat or slightly down. We agree. Our view is that high unemployment, stagnant wages, an oversupply of houses and low home equity values will make it nearly impossible for the average person to "Move Up" the way a lot of people did several years ago. Practically speaking, buying a home has become much more difficult than it was in the past. But if your finances are in good shape, now and the next couple of years are a good time to buy a home in light of lower home prices and historically low mortgage rates.

Inflation/Interest Rates

The current trend is very low inflation and very low interest rates. Conventional wisdom is that both inflation and interest rates will continue to stay low for the near future. We agree. Our view is that there is nothing to push either inflation or interest rates higher - i.e. economic

tree that was taking over my rear deck. It wasn't so much the cutting and trimming as it was getting all the debris into the truck and to the dump. The problem with completing any project is that there are always two more to take its place.

Mahesh - My family and I have hit full stride with the festivities of summer. We are grilling out at least several times a week and enjoying the back yard. I am also unique in the sense that I enjoy my "hot" tub in the summer months versus the winter months. The kids think of it as a pool. The water is not heated, so it stays at a comfortable 90 something degrees. I soak it in almost daily to make the summer nights last as long as possible!

Quick Links

[Our Website](#)

[Services](#)

[Library of Articles](#)

[Join Our Mailing List!](#)

growth. Practically speaking, low inflation is helpful since the cost of goods don't increase quickly, but low saving account and CD yields are challenging for retirees on fixed incomes. Longer term, inflation will shoot up as a result of all the stimulus and excess liquidity governments are pumping into the banking systems. But that is likely more than 3 years away.

Taxes

The current trend is for higher taxes. Conventional wisdom is that taxes will increase. We agree. Our view is that due to the record deficits that the federal and local governments are running due to debt interest and entitlements, the only tool politicians have at their disposal is increasing taxes. The people being targeted for these higher taxes are of course the only people who can pay them - higher income earners. In addition, we wouldn't be surprised to see a national sales tax instituted in the next few years. Practically speaking, we think looking for ways to reduce your tax liability will occupy much more of your time in the future.

Stock Market

The current trend has been flat for the last couple of months. Conventional wisdom is that the market will keep going up as people perceive the economy is improving. We agree. We think the stock market will lazily bounce around for the summer before a short, sharp decline in the fall. Then it will resume its upward climb for 12 - 18 months and possibly go on to hit record highs. Practically speaking, this rally is fueled by Wall Street and the large banks' trading departments. Be prepared for increasing volatility in the fall if you choose to ride it out.

It's been the case over the last several years that financial success has required some active attention - in contrast to the 1990s where it seemingly came without effort. We expect this trend to continue for several more years, requiring your continued diligence. We believe calmer waters (and ample rewards) are in the future, but only for those individuals who can successfully navigate these stormy seas.

As always, we welcome your comments and questions. Let us know if there is a particular topic you'd like to see discussed.



The DouglasBradley Team

Douglas O. Robinson

President
(443) 451-1884
doug@douglasbradley.com

Bradley D. Loper
Chief Investment Officer
(301) 576-0872
brad@douglasbradley.com

Mahesh P. Desai
Senior VP Retirement Planning
(301) 233-1261
mahesh@douglasbradley.com

Visit us on the Web at:

www.DouglasBradley.com

re**Think.**

[Forward email](#)



This email was sent to doug@douglasbradley.com by info@douglasbradley.com | [Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

DouglasBradley LLC | 522 Inglewood Rd | Bel Air | MD | 21015