

July 9, 2010

I would like to introduce you to Adam Kleinfelter, the newest addition to the PlanFIRST team. He graduated from Clemson University in 2002 with a degree in Financial Management. Adam is also a graduate of the Queens University Financial Planner Program and is currently pursuing his CERTIFIED FINANCIAL PLANNER™ professional certification. His prior work experience includes three years with Vanguard on the Personal Financial Planning Support Team and three years as a paraplanner with a Greenville-based financial planning group. His role at PlanFIRST will be to assist the advisors with tasks such as client retirement projections. Adam is married to Brooke, and they attend Grace Church and are members of the Downtown Service Team.

In regard to the U.S. stock market, the recent quarter was notable for the so-called “flash crash,” a roughly 9% drop in prices in the space of an hour. The May 6 event is still being investigated by regulatory authorities, who speculate that it could have been caused by a series of faulty computer-automated trades acting in concert. The markets stabilized later the same day but have not recovered any upward momentum.

Despite the uncertainties in the U.S. stock market, the economy continues to grow. The Department of Commerce’s Bureau of Economic Analysis (BEA) recently reported that the U.S. gross domestic product (GDP) rose an annualized 2.7% in the first quarter of 2010, following a 5.6% annualized jump in GDP in the fourth quarter of 2009. Inflation was up a modest 1.7% in the first quarter (annualized), down from the 2.0% rate in last year’s fourth quarter. More promising is the BEA report that corporate profits increased \$116.9 billion in the first quarter, following a \$108.7 billion increase in the fourth quarter.

This year is turning out to be a stunning year for worldwide GDP growth, due to a growing middle class in Asia, India, and Latin America. Millions of new households will help to boost consumption and should help increase growth in global trade.

What’s next? The only honest answer is that nobody knows for sure. If the economy and profits continue to grow and if inflation stays low and the bond markets offer low yields, then we will have an environment that has traditionally been good for rising stock prices. However, uncertainties about the European Union (i.e., the Greek bailout and sovereign debt in Spain, Italy, Ireland, and Portugal) and rapidly increasing U.S. government debt have cast a pall over market sentiment.

In the short run, the markets move based on how people feel about the markets. In the long run, prices will rise as sales, productivity, and profits increase in the corporate sector—and as people finally start to notice.

Best regards,



Mike Miller, CFP®