

It is that special time of the year when the media makes all sorts of wonderful money. No, not Christmas time and selling advertisements for stuff to buy, but election season and selling really annoying ads on TV. Yes, this presidential season seems to have started about January 2005, but now folks really start to pay attention. The polls say....never mind the polls are always changing and neither meaningful or accurate. When it comes to the presidential race, who cares what the polls say? What matters is which candidate wins the most electoral votes, not what the polls say. The media will not enlighten us with facts and figures to help us make intelligent decisions. Heck, this horse race is about a war hero who admits to not knowing much about economics despite spending twenty years in the Senate running with a hockey mom with less than two years experience as a governor versus a freshman senator who never sponsored a bill and has spent more time campaigning than handling his senate responsibilities with what's his name, a career senator. What wonderful choices we have for this sort of American Idol contest where digging deeply into the candidate's positions on issues (if you can cut through all the double speak) is not as important as how good do they look. And the elections that probably mean more to each of us in our everyday lives, congressional and local politics, they all take a back seat to the circus under the big tent.

So why should the media objectively cover all races with facts and well researched stories, when their agenda is to attract eyes and ears so that advertising rates can be increased. Who wants to read boring facts and figures when opinions and gossip make better fodder? And candidates who want to win elections best spend money smearing their opponents rather than promoting what they will really do once elected. The great American sport is politics.

Politicians have learned from the media that bad news sells better than good news. Hence, our country is in terrible shape. Nothing but doom and gloom. So hear is every candidate's message, including who is ever running for local dog catcher.

The economy is falling apart with people being tossed into the street as their homes are being foreclosed. People are being laid-off from jobs that are being shifted overseas. People are being denied healthcare because they do not have health insurance. OPEC nations are extorting our hard earned money to buy the oil that we need to make our economy go. Those fat cats on Wall Street have made a shamble of our economy with their funny money. Finally, those clowns in Washington have done nothing but make the problems worse. My opponent is in the pocket of all those special interest groups and takes trips to club baby seals each year. Vote for me and the sun will shine everyday and all your problems will be solved. I'm your typical insincere politician and I approve this message.

Yes, the unemployment rate has crept up. Energy and commodity price increases have prompted a bit of inflation. Our mock political ad above was correct in that Wall Street has made a mess out of things. Of course the failings of regulators did not help. Bear Stearns, Freddie Mac, and Fannie Mae, it is only money and the government can always print more or raise taxes. While our system is broken, it is not beyond repair. Until we the people take more accountability for ourselves, and start holding government officials at all levels more accountable, we will likely see continued failings.

So what does this mean to investors and how should there portfolios be positioned? That depends on each investor's goal, objectives, investment time horizon, and risk tolerance level. We see continued volatility in equity markets with the trend remaining to the negative. It is difficult to say where the bottom may be or what will be the catalyst for a turnaround. The Federal Reserve Board is likely to leave interest rates alone in the near term. With the American consumer under a pile of debt and a declining residential real estate market with many adjustable rate mortgages coming due for a reset, an increase in interest rates could further hit the consumer very hard. Likewise, with commodity prices dropping, which should help fight inflation fears, it is difficult to call for an increase in interest rates. As the slowdown that has affected the US spreads overseas, we have seen the dollar strengthen and foreign central banks under pressure to ease their interest rates. For at least the next year, the economy is going to be under pressure as consumers have cut back on spending and the credit crunch is likely to only slowly ease as financial institutions rebuild capital and maintain tighter lending standards as to not make the same mistakes again. Rest assured lenders have short-term memories and the party will be on again in another seven to ten years (you read it here first). A new presidential administration and a new congress will certainly make changes based on "right now" rather than what is the right thing for America going forward. Any Federal tax increase would not help, but rather hurt the economy's ability to fix itself by letting the system work through problems.

Our advice is to carefully review your financial plan. Review your financial goals and make adjustments to your plan and investment portfolio based on the long-term outlook. Hold on to your wallet or purse tightly as you listen to the political rhetoric. Do not believe all that you see or hear from the media. It is not all doom and gloom out there. People are working hard and only a fool would bet against America. Enjoy the pennant races in baseball and the beginning of football season. And most importantly, get out with family and friends as you are living in the best country in the world.