

# Bowers Wealth Management, Inc

Registered Investment Advisory Group

April 14, 2009

James R. Bowers

S&P 500 Ytd -6.84%

DJIA Ytd -9.76%

Nasdaq Ytd +3.09%

Usd \$ Ytd +4.65%

Gold Ytd +2.81%



## Market Commentary

The rubber band has snapped back as the indexes have gained some ground from their lows of the year. This has created some optimism among the general public as well as a number of professional money managers and analysts. Psychology plays an integral part in the movement of stock markets. The emotion most prevalent today is fear, but not in the same way you might expect. Since early March, the fears of missing the next bull market, as well as under performing their peers has caused a number of market participants to pile into what is possibly nothing more than a bear market rally. Even with the recently weekly gains, the S&P 500 is down over 46% from the 2007 peak. It's possible the market will rest shortly to work off the recent excitement.

## Things to Consider

### Mortgage Rates

In 2003 mortgage interest rates were near historic lows. The current economic environment was partially created by those historic low rates. Nonetheless, with current interest rates below 5%, it may make sense to explore the possibility of refinancing your home to save money on a monthly basis, and over the life of the loan. If the rate you're paying today is 1% higher (or more) than the rate you could obtain today, it's very likely that refinancing makes sense.

Some things to consider if contemplating refinancing:

- Will I be moving in the next 5 years?
- Am I unable because of decreased values?
- Will I qualify under the more strict rules?
- Could hardships in the future make refinancing difficult at a later date? Should I take cash out?

### Declaration of War

Two wars have been silently declared. These are not the usual wars on greenhouse gases, or drugs. Nor will the military be involved. The first war is on productive citizens. Several states and municipalities are raising income tax rates, putting their top brackets at 10-12%. It matters not how hard you work or what you've sacrificed, legislature and voters have declared war on your productivity. You need a good accountant. Please contact me if you need a recommendation.

The second war is on financially responsible saving citizens. The "bailout" money is not coming from a vault. It's being created out of thin air. History shows that creating money out of thin air has a tendency to decrease its value substantially. We will need to keep some hard assets in the portfolio to protect against the silent tax of inflation.

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