



Bowers Wealth Management, Inc.

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Indexes Year to Date	
Dow	-2.21%
S&P500	-3.33%
NASDAQ	-3.20%
US Dollar	7.81%
Gold	10.57%

2010, A year in limbo.

In February I wrote about how January market performance generally sets the tone for the year; 2010 has been no exception. The chart below shows the market fluctuation so far this year. We've seen the S&P500 up over 9% for the year in April, and down as low as 8.3% for the year just a few days ago. This is a somewhat volatile market, making no headway. The red and black bars below represent volume, and illustrate that market declines occur with significantly increased volume. This means that generally people are more frightened than optimistic about the short term prospects of the market. In the near term, I feel the market is oversold. Ultimately the marketplace is still not full of optimistic buyers.

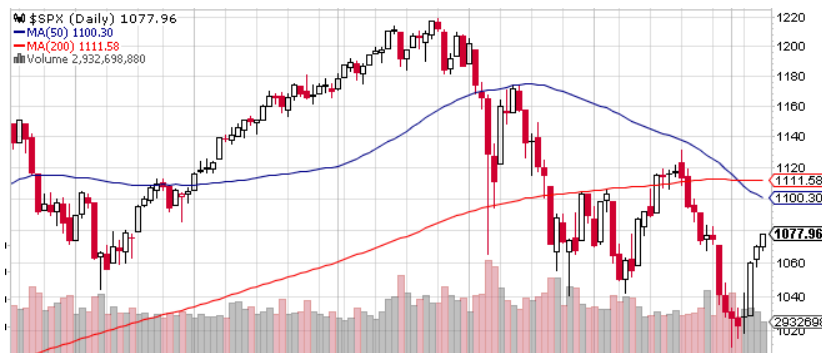


Chart courtesy of Stockcharts.com

How is the Economy?

Latest Numbers

Seasonally Adjusted

Unemployment Rate:
9.5% in Jun 2010
Historical Data

Change in Unemployment Level:
-350,000 in Jun 2010
Historical Data

Change in Employment Level:
-301,000 in Jun 2010
Historical Data

Change in Civilian Labor Force Level:
-652,000 in Jun 2010
Historical Data

Civilian Labor Force Participation Rate:
64.7% in Jun 2010
Historical Data

Employment-Population Ratio:
58.5% in Jun 2010
Historical Data

Annual Averages

Unemployment Rate:
9.3% for 2009
Historical Data

Unemployment Level:
14,265,000 for 2009
Historical Data

The economy is currently in a strange state of affairs. Unemployment is still above 9.3% and new homes are still not selling. The oddity lies in the positive published statistics of consumer spending, sales of cars, manufacturing, and consumer optimism. Personal income is also stated to have increased more than 2% year over year.

People are losing homes and jobs, how is the economy is improving? Americans aren't accustomed to sacrificing for long periods. Personal savings rates increased in 2009, but have declined again in 2010. We've grown so accustomed to a certain quality of life, that we're willing to spend every penny we earn (and often more) to maintain it. Spending is the lifeblood of our economy with consumer spending accounting for roughly 2/3rd's of our domestic economy.

With 14,000,000 Americans out of work is it possible that the positive economic statistics we've seen will be lasting?

I'm doubtful. There are still a number of significant hurdles looming, including high unemployment, increasing tax rates, and the Federal Reserve being out of bullets to throw at the recession.

My advice: Precious metals, covered calls, and high quality dividends.

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