



\$12,800,000,000,000.00

April 03, 2009

The number above is 12.8 trillion dollars which is the amount our government has spent, loaned, or committed to date towards combating the Great Recession. To put this number in perspective, the entire value of all the goods and services produced in 2008 in the U.S. (GDP) was \$14.2 trillion. Put another way, the \$12.8 trillion equals 14 times the amount of currency in circulation. Finally, this figure equals \$42,105 for every man, woman, and child in America.

The relevant question is whether this money has been well spent or not. We would feel much better about the economy if Uncle Sam just sent us a check for \$84,210 for our two-person household. Alas, our mailbox is empty so we must settle for watching the banks, car companies, credit card companies, and Wall Street rejoice in consuming our tax dollars.

For some time now, we have publicly stated our case that we are witnessing the greatest financial heist of all-time, all happening before our eyes. While the powers-that-be continue to bailout those that put us in this situation, we are left to observe and pontificate. The people's revolution against this scheme seems limited to one or two day outbursts, followed by silence. Surely the volume of news and the technical nature of it have driven people into a state of numbness.

Just as writing about a tornado while hiding in the basement of a farmhouse is no simple task, so is the challenge of capturing the events of the Great Recession as it continues to ravage the global landscape. As we write this, the devastation continues to unfold although you would not know it based on the current gains in the stock market.

When Down is Up

The stock market finally jumped back to life in March and will give all stock investors a moment of celebration when the statements arrive. We suggest you enjoy the moment as we believe the gains are fleeting and temporary.

History tells us that stocks are "forward-looking" instruments of capitalism, meaning that stocks typically turn positive three-to-six months prior to the end of a recession. In no corner of the economic news do we see this recession ending in three-to-six months. Therefore, we conclude that the rally most of us have enjoyed is short-lived and will end in short order.

A market that is so driven by current headlines is one which make us cautious. In normal times, the news of over 5 million U.S. workers being unemployed would have shaken the market to its knees. Nowadays, the news is viewed as positive because it “could have been worse.” (In fact, it is worse, much worse. Unfortunately, the headline writers don’t make time to delve into why nor do the networks.)

So, our conclusion is we are still squarely in the midst of the Great Recession and the markets will continue to be tumultuous. After the last few weeks of breathing room, we believe the news will get worse, not better, and that we should all remain on guard and not be lulled into the common belief that this recession is over.

Time for a Checkup

We at FFA take our relationship with each client extremely seriously. In this vein, we were stunned to read a recent survey of financial advisor clients that showed 57% plan to fire their advisor and 86% saying they would tell others to avoid investing with their advisor. (We are hoping none of you were part of that survey!)

It occurred to us that we have never undertaken a formal survey of our clients. We believe that the process would be appropriate now. Therefore, we are asking that each of you spare ten minutes and complete a confidential survey that we will be sending in late April. The comments we collect will be shared with all. We believe your feedback will help us to be a better firm for all involved.

As always, thank you for your trust and confidence. We remain deeply grateful for your loyalty.

Best Regards,

Berthann & Craig



The Great Recession Piggy Bank