THE PLANNING GROUP

A Wealth Management Firm

Weekly Commentary Report
August 29, 2011

Big Picture[10]

Most of our tactical managers have stepped to the sidelines in cash. Despite the market's positive direction this week, there seems to be few positive news items occurring economically.

The normally bullish staff at *www.economy.com* provided a rather gloomy report as a summary for this past week:

> "The last week of the summer brings a rare Northeast hurricane and a heavy load of data that will show the economy running close to stall speed. Second quarter GDP was revised down to 1%, and the slight improvement in growth we expect for this quarter assumes no new financial shocks. Upcoming indicators for August will bear the mark of steep declines in stock prices. … There will also be significant interest in the minutes of the August Federal Open Market Committee meeting, especially given Chairman Ben Bernanke's omission of details regarding policy easing options in his Jackson Hole speech."

The Markets[6]

After Federal Reserve Chairman Ben Bernanke's speech, the Dow Jones Industrial Index posted its first weekly gain in more than a month, finishing at 11,284, an increase of more than 4 percent for the week. In addition, the Chicago Board of Exchange Volatility Index (VIX), which is known as the 'fear index' because it reflects the amount of volatility investors anticipate in the next 30 days, fell by more than 10 percent.

While stock markets reflected optimism, economic indicators provided a mixed picture. According to *Barron's*:

- The Commerce Department revised second quarter's Gross Domestic Product growth number down slightly to 1.0 percent annualized from 1.3 percent.
- Inflation estimates remained relatively stable.
- The manufacturing sector showed strength as new orders for durable goods increased 4 percent during July.
- Sales of new and existing homes fell, and the Federal Housing Finance Agency's purchase-only house price index showed that housing prices fell quarter-to-quarter.

- Despite debt-ceiling woes, a downgrade of U.S. credit, concerns about European debt, and a wildly volatile stock market, the Reuters/University of Michigan survey consumer showed consumer sentiment improved slightly.
- Despite improved sentiment, the survey also found that consumers don't expect things to get better any time soon.

While a week with positive market performance was welcome, the question remains: Has stability returned or is this just a shimmering illusion? Only time will tell.

Data as of 8/19/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	4.7%	-6.4%	12.4%	-2.5%	-2.0%	0.0%
DJ Global ex US (Foreign Stocks)	0.7%	-12.5%	3.5%	-3.4%	-2.0%	4.2%
10-year Treasury Note (Yield Only)	2.2%	N/A	2.5%	3.8%	4.8%	4.9%
Gold (per ounce)	-3.2%	26.8%	44.5%	29.3%	23.9%	20.8%
DJ-UBS Commodity Index	1.3%	-0.8%	23.8%	-6.0%	-1.1%	4.7%
DJ Equity All REIT TR Index	3.7%	0.1%	14.1%	1.2%	-0.5%	9.2%

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable or not available.

Additional Thoughts On The Economy [7&9]

The current P/E (Price per Earnings) for the S&P 500 has reduced to 13.2 times trailing earnings. It hasn't been that low for a few years. It implies corporate earnings having increased while stock prices have remained rather flat.

I thought I would include some remarks from Bob Kendall's commentary this morning (one of the tactical managers we utilize). He has a pretty good track record for what that's worth:

> "The focus last week was on the Jackson Hole meetings. The speech by Bernanke was pretty benign, but he was pulling one of the oldest tricks that the Federal Reserve has - "posturing." It always amazes me that this works, but it works only for the short-term. All they have to do is suggest that they might do something, and the market acts if they did. In this case, all they said was that they have "a range of tools" to use to stimulate the economy. Hopefully the tools that he's talking about work better than the old tools that they have already used."
>
> "As I have discussed over the past several weeks, I believe that the markets are in a new dangerous phase. Not only is a double recession likely, but the potential for a depression to form from the current environment is possible. While this is a very negative outlook, this does not mean that the market will decline in a straight line."
>
> "The fundamental problem for all of us, including the banks and governments alike, is just too much debt. The issue that we are experiencing is really of confidence. This is being aggravated by a growing sense that policymakers do not have a conviction or simply are not willing or even have the skills to make the decisions that are needed to guide us out of this slump."

> "This is becoming even clearer in Germany. It now appears that Merkel no longer has enough coalition votes to secure Europe's rescue strategy. The risk is that the German courts will rule that the rescue fund (EFSF) breaches or undermines German fiscal sovereignty. A ruling of this sort would cause a catastrophic set of another round of selling across the European nations."
>
> "The only response that we have seen since the crisis began back in 2008 was like that of the US government. The government is doing all it can to avoid the inevitable reckoning of deleveraging, which is very painful, by issuing bailouts and spending money."
>
> "While all their actions have kept the banking system limping along, the government refuses to accept that for the economy to get appreciably better, it probably will have to get worse first. The government needs to accept that their past actions have not worked, except in a transitory sense."
>
> "The reality is that the American people can handle a bad economy, even an awful one. Most folks don't have a lot of money to start with. I believe what we are all sick of continuing to support a disaster from financial institutions every time it gets in trouble. It's time we made the financial institutions face responsibility so we can move the economy and the country forward."
>
> "Market participants appear to be willing to make up or believe in any story that tells that the market is stable for the moment. As we look forward to this week, I expect the volatility to continue as we complete the month of August on Wednesday."

Financial Facts of the Week[7]

Bob LeClair's Finance and Markets Newsletter noted – "A statistical oddity occurred for U.S. Treasury bills this past week. At Friday's close, on the Bloomberg website (www.bloomberg.com), the yield on 90-day bills was shown as -0.01%. That's right, a negative return; you're actually paying the government to hold your money."

Chuckle For The Day

Only in America do people order double cheeseburgers, large fries, and a diet coke.

Additional Thoughts[8]

"Success is the sum of small efforts, repeated day in and day out..." ~ *Robert Collier*

"Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful." ~ *Albert Schweitzer*

"I've failed over and over and over again in my life and that is why I succeed." ~ *Michael Jordan*

"If you're climbing the ladder of life, you go rung by rung, one step at a time. Don't look too far up, set your goals high but take one step at a time. Sometimes you don't think you're progressing until you step back and see how high you've really gone." ~ *Donny Osmond*

Best regards,

Reid Johnson and the Investment Team

* The content of this newsletter has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or to participate in any particular investment strategy. We derive information from a variety of sources we consider reliable, but we do not represent that the information is accurate or complete. The opinions and statements herein are subject to significant business, economic and competitive uncertainties and actual results could be materially different, thus there are no guarantees and are subject to change at any time. Financial planning and investment advisory services are offered through The Planning Group of Scottsdale, LLC, and Ives Asset Management, Inc., both firms are SEC Registered Investment Advisor and. Certain securities may be offered through Meridian United Capital, LLC, a registered broker/dealer and FINRA member firm. You should consult your financial professional before making any investment decision.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Past performance does not guarantee future results.

* You cannot invest directly in an index. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices. The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market. Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association. The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998. The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

[6] The source for the information was derived from Peak's *Weekly Commentary 8/29/11* edition.
[7] The source for the information was derived from Bob LeClair's *Finance & Markets Newsletter 8/27/11*
[8] Information derived from *The Virtual Advisor 8/26/11.*
[9] Information derived from *The Kipplinger Letter* 8*/26/11* edition*.*
[10] Information derived from John Mauldin as noted in this weekend's *FrontLine Thoughts.*
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

*To unsubscribe from the Weekly Commentary please reply to this e-mail with "Unsubscribe" in the subject line, or write us at:

Scottsdale Office - 8800 N. Gainey Center Drive - Suite 176 - Scottsdale - Arizona - 85258-2122
Sun City West Office - 13912 W. Stardust Blvd. - Suite 119 - Sun City West - Arizona - 85375
Telephone (480) 596-1580 - (888) 596-1580 - Fax (480) 596-2165 - e-mail - kris@theplanninggroup.com
www.theplanninggroup.com