

Investment Forum Program for Wednesday, January 14 at 10:00

Future Meeting Schedule

The forum will meet on January 21 at 10:00. The OLLI Winter Program begins the following week and the forum will meet at 11:30 starting January 28.

Perspective: A short piece in Saturday's *Wall Street Journal* entitled "Job Losses Wring Hope of Quick Recovery" is strongly bearish. It closes on a note that couples with a column by David Brooks in Friday's *New York Times* entitled "The Confidence Surplus."

Strategies: The federal government is about to embark on the biggest peacetime spending program in history. How should investors respond: (1) Realize that such programs failed to stimulate the economy when they were attempted during the Great Depression and keep your money safe and secure in fixed-income, (2) fear that such a torrent of money creation will unleash a wave of inflation and buy inflation hedges such as TIPS or gold, (3) seek stock investments in sectors that will potentially benefit from focused government spending in such areas as infrastructure or healthcare, or (4) look beyond short-term politics and invest in defense contractors that will inevitably be needed to rebuild the depleted military.

Reality Check: If you favor option 3 above, there is a list of hard realities to consider. Not all are barriers, but the impediments are numerous.

Stock Talk: The current issue of *Barron's* includes a full-page "infomercial" by *Morningstar* entitled "Where to Look for Life after the Death of Leverage." It includes a list of 22 stocks which *Morningstar* believes are well positioned for the current economic environment. Separately, Michael Farr of Farr, Miller & Washington appeared as a guest on the PBS *Nightly Business Report* on January 7 and preached a theme of valuations, balance sheets, earnings and management in offering a list of 10 stocks for current consideration.

Anecdotal: A prominent academic economist interviewed on PBS claims medical science has shown that the chemical response of the brain to quick easy investment profits is similar to ingesting heroin, i.e. it lowers sensitivity to risk. Unfortunately for more than a few, Bernard Madoff was a master drug dealer for that kind of narcotic.

On the Website: New articles which may be of interest to retired investors are posted regularly at www.olligmu.org/~finforum/.