

Investment Forum Program for Wednesday, September 9 at 10:00

Future Meeting Schedule

The forum will continue to meet every Wednesday at 10:00 until the OLLI Fall Program begins on September 21. After the Fall Program begins, the forum will meet at 11:45.

Perspective: The September 2 issue of *The Wall Street Journal* features an article entitled “Rethinking Stocks’ Starring Role.” The subtitle reads “Some financial advisors are challenging the traditional view that long-term investors should load up on equities.” Professionals quoted in the article argue that even if stocks deliver higher returns than bonds over time, the advantage of equities may not be large enough to justify their higher volatility versus bonds for retirees who need to draw upon their portfolios. To illustrate this point, the Vanguard Total Stock Market Index Fund has delivered an average annualized return of 7.5% since its inception in 1992, whereas the Total Bond Market Index Fund has returned an average annualized return of 6.9% since its inception in 1987. Is this forward thinking or chastened money managers defensively reacting to the recent bear market?

This Week’s Big Number: The Leuthold Group, an often quoted Minneapolis-based research firm, tracks 190 stock market indicators. Collectively, their indicators are currently more bullish now than at any time since 1989. Stocks now; bonds later?

Stock Talk: Wall Street likes CVS Caremark (CVS) and Johnson & Johnson (JNJ).

Currencies: In recent years, exchange-traded funds have empowered individual investors to become currency traders on the cheap. But, which way to bet on the dollar? Conventional wisdom informs us that the dollar will soon fall against major currencies. But, on the basis of “purchasing power parity,” the dollar is already a bargain and may be poised to rise.

Reality Check: Battery-powered electric cars will free us from dependence on imported oil. The manufacture of high-tech auto batteries requires lithium and rare-earth metals. Chile is the world’s largest producer of lithium and Bolivia has the world’s greatest untapped recoverable lithium resources. Together they control most of the world’s lithium supplies. China controls most of the world’s rare-earth metals production. Daniel Yergin founder of Cambridge Energy Research Associates opined in a recent *Wall Street Journal* op-ed article that he foresees a secure future for oil.