

Investment Forum Program for Wednesday, January 19 at 10:00

Future Meeting Schedule

The OLLI Winter Program begins next week. Starting January 26, the Forum will meet on Wednesdays at **11:45**.

Perspective: “Economy slowly building momentum, Fed reports” reads a *Washington Post* headline in a news article on the latest “beige book.” “Revenues Are Rising” reads the title of an editorial in *The Wall Street Journal*, referring to federal tax revenues. Also in the Journal, another headline reads “Economists See Recovery Accelerating.” Investors have been waiting many months for this news, so what’s to worry about? One immediate concern is the rising price of crude oil as it translates into rising fuel prices in an economy with high unemployment and stagnant income growth for many, especially the least skilled and educated. Another concern is a major public debt crisis in the U.S. or in Europe.

Municipal Bonds: The debate continues. Meredith Whitney appeared on CNBC to reiterate her contention that as many as 100 municipalities could default, although she does not see any states defaulting. But, she sees “indiscriminate selling” of muni bonds when the defaults begin. Pimco’s Bill Gross retorts “I don’t subscribe to the theory that there will be lots of defaults” and urges investors to buy muni bonds. *Kiplinger* opines that the federal government won’t let any big cities default—they’re too big to fail in a weak economy. Meanwhile, vulture investor Wilbur Ross waits on the sidelines, ready to move in and buy distressed debt on the cheap if opportunities arise.

Markets: Mention of stock trading evokes images of televised busy trading activity on the floor of the New York Stock Exchange. Times are rapidly changing. New Jersey is the new heart of Wall Street. Nearly all stock trading is now conducted by computers communicating with other computers in vast warehouse buildings located in places like Secaucus, Weehawken and Carteret by firms most individual investors never heard of. Speed is the order of the day; think of transactions completed in 98 microseconds.

Stock Talk: Investors were once advised “When E. F. Hutton talks, people listen.” Well, something new is happening on Wall Street; formerly secretive Goldman Sachs has begun to talk and their team of economists and stock analysts is offering a broad selection of recommended buy and sell candidates based on a premise of a strong economic recovery ahead.

Of Note: New articles, including stock recommendations from Goldman Sachs mentioned above, have been posted on the Forum website at www.olligmu.org/~finforum/.