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2nd Quarter 2009 Market Commentary from Cooper Financial Services

As the second quarter of 2009 comes to an end, several signs of improvement have surfaced in the financial markets. Since mid-March, the markets have rallied significantly; in particular, since the market low on March 9th through June 30th, the Dow Jones Industrial Average and the S&P 500 performed at a rate of 30% and 37% respectively.¹ I continue to believe the US economy is resilient and, while the recent market rally may not represent a market recovery, I share the expectation of many in the industry for continued improvement as we move to the latter part of 2009.

During the quarter, it appears that we may have experienced a resurgence of consumer confidence. Many Americans are making good strides towards financial stability by deleveraging their credit and increasing their savings rate. As a matter of fact, according to the Bureau of Economic Analysis, the personal savings rate was up to 6.9 percent in May (a 15 year high).

Further, the Investment Company Institute reports that more than \$200 billion has been pulled from money market funds since March 11 – just two days after the S&P 500 stock index started its nearly 40% ascent through June 8th.^{*} It is believed that much of that move has been driven by retail investors.

As the search begins for the “right” re-entry point back into the market, I offer a word of caution: history has shown that trying to pick the exact right time to invest can be next to impossible. That said, it appears that many investors may not necessarily be risk-averse, but rather loss-averse. While it is tempting to make decisions based on your reaction to a particular market cycle, risking nothing today may mean risking buying power and opportunities down the road.

Focus, clarity of thought and planning are needed more than ever when adhering to an asset allocation plan. If you have specific concerns or questions, please feel free to contact me. As always, I appreciate your trust.

Sincerely,

Christine B. Cooper, MS, CLTC
Registered Representative

¹ Source: Bloomberg

^{*} Past performance is not indicative of future returns. The investment return and principal value of an investment will fluctuate, so that investor's shares, when sold, may be worth more or less than their original cost.