

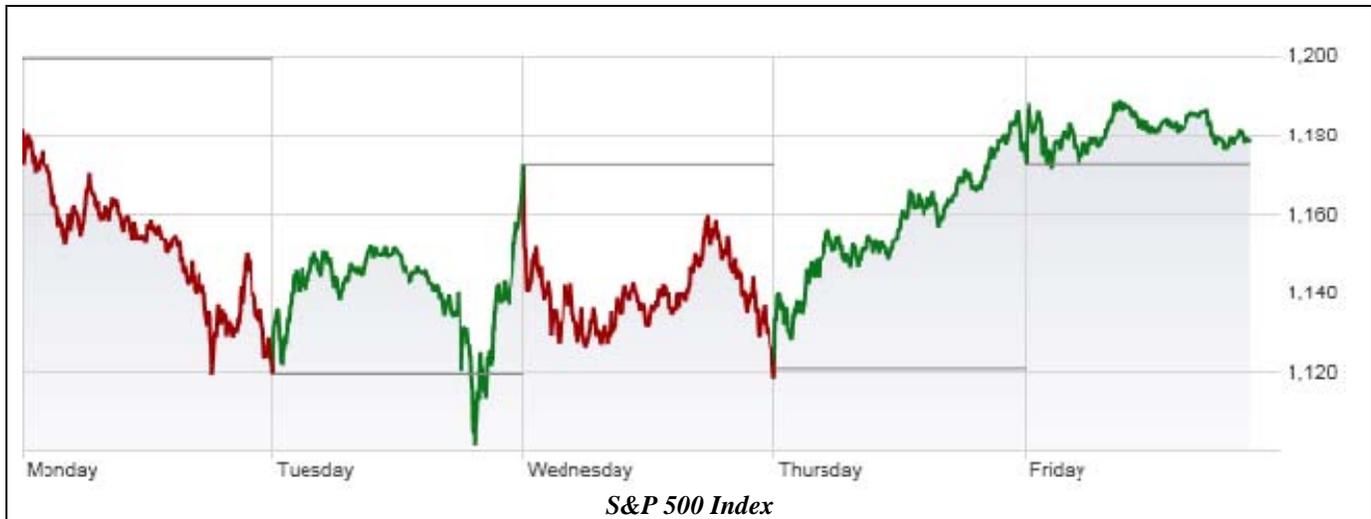
SIA PERSPECTIVES

Stegner Investment Associates, Inc.

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Friday Facts

After a sharp move to the downside in stock markets during the prior two weeks, this past week was marked by significant volatile moves in both directions. In fact, in the 115 year history of the Dow Jones Industrial Average, this week was the first time that the Index has moved by 400 points for four consecutive days. And after all of those moves, today the market closed at a price not far from where it began the week, as seen in the S&P 500 chart below.



So, what exactly caused the financial markets to be so volatile this week? The volatility was driven by investors balancing the fear of the potential effects of certain events with the facts of fundamentals. The table below summarizes several of these:

Fear	Fact
U.S. debt rating downgrade would drive up borrowing costs.	The Federal Reserve met and announced that overnight lending rates would remain near zero until 2013.
The U.S. consumer would derail economic recovery by slowing spending.	Retail sales for July grew at a greater rate than the revised upward results for June.
Slower growth would push more people out of work.	Initial weekly unemployment claims were less than expected.
Stock prices will drop as corporate earnings weaken.	During the past four weeks, 76% of companies in the S&P 500 released results that beat expectations.

During our firm’s 17 year history, we have counseled clients during periods such as this: “to not let emotions guide investment decisions”, “to avoid self-destructive behavior” and “to not attempt to time the market”. This week’s performance in both the stock and bond markets is yet another example of the soundness of our counsel.

A major risk to the financial markets continues to be that fear itself drives world economies into a period of slower growth. However, client goals and objectives are long-term strategies and should not be driven by fear, only facts. Markets fluctuate, goals don’t!

