



Weekly Commentary November 21, 2011

The Markets

“Printing money is really just a softer method of default, because it effectively converts the meaning of default from ‘getting less than 100% of the currency you were owed’ to ‘getting all the currency you were owed, but ending up with less than 100 percent of the purchasing power you expected.’”

--John Hussman

They say money doesn't grow on trees, but, for some governments, it metaphorically does. Earlier this year, the U.S. Federal Reserve completed a \$600 billion “quantitative easing” program, which is a fancy way of saying “money printing,” according to *Forbes*. Similarly, the Bank of England recently announced an additional 75 billion pound sterling quantitative easing program on top of an earlier 200 billion program, according to *The Wall Street Journal*.

These programs are designed to help reduce long-term interest rates and boost the economy. Critics say they may lead to hyperinflation.

Now, some folks are saying a similar money printing program is the only way to solve the eurozone debt crisis.

As the sovereign debt crisis spreads in Europe, government bond interest rates are rising above what's considered a sustainable level. Rates are rising because bond buyers are scarce; they're concerned that certain governments may default on their payments so they demand a higher rate to compensate for the risk of default.

If demand for government bonds drops too much, then some countries may have to default because they won't have enough money to pay their bills. That's where the European Central Bank (ECB) may have to step in.

The ECB is the central bank for 11 national central banks, each serving its own country. Those 11 national central banks are the original members of the Eurozone, according to CNBC.

As a highly respected organization, the ECB could step in and say it will back its member countries' debt and buy that debt in unlimited quantities to keep interest rates down. If it did, then the current crisis would likely abate (at least temporarily) and give the troubled countries some breathing room to implement reforms and restart economic growth, according to Reuters.

So far, though, the ECB has declined to make such a statement for several reasons:

It might undermine its independence from politics and its price stability mandate.
 It could push up eurozone inflation.
 It would reduce pressure on wayward countries to cut spending and implement growth-boosting structural overhauls.

Sources: Reuters, *The Wall Street Journal*

In short, it's "politics as usual" in Europe. Meanwhile, as Europe fiddles, the markets remain unsettled.

Data as of 11/18/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-3.8%	-3.3%	1.3%	12.3%	-2.8%	0.5%
DJ Global ex US (Foreign Stocks)	-3.9	-16.5	-13.8	12.0	-4.0	4.4
10-year Treasury Note (Yield Only)	2.0	N/A	2.9	3.5	4.6	4.8
Gold (per ounce)	-3.0	21.9	27.3	32.6	22.4	20.2
DJ-UBS Commodity Index	-2.7	-10.8	-1.1	5.8	-2.9	4.9
DJ Equity All REIT TR Index	-3.2	1.8	7.6	27.0	-2.3	9.9

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

HERE ARE A FEW QUOTES from top investors that are worth pondering:

"I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful."

--Warren Buffett

"In investing, what is comfortable is rarely profitable."

--Robert Arnott

"Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell."

--Sir John Templeton

"Your success in investing will depend in part on your character and guts, and in part on your ability to realize at the height of the ebullience and the depth of despair alike that this too shall pass."

--John Bogle

"You make most of your money in a bear market, you just don't realize it at the time."

--Shelby Cullom Davis

"To achieve long-term success over many financial market and economic cycles, observing a few rules is not enough. Too many things change too quickly in the investment world for that approach to succeed. It is necessary instead to understand the rationale behind the rules in order to appreciate why they work when they do and don't when they don't."

--Seth Klarman

Weekly Focus – Think About It

“It is one of the paradoxes of success that the things and ways that got you there are seldom those that keep you there.”

--Charles Handy, Irish author/philosopher

Best regards,



Dean R. Hedeker, CPA, JD, RFC

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

Hedeker Wealth Management Group, LLC is an SEC Registered Investment Advisor.

- * This newsletter was prepared by Peak Advisor Alliance.
- * The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
- * The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.
- * The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- * Past performance does not guarantee future results.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.

* To unsubscribe from the Hedeker Wealth Management Group, LLC Weekly Commentary please [click here](#), or write us at clazo@hedekerwealth.com

* To unsubscribe from the Hedeker Wealth Management Group, LLC Weekly Commentary please reply to this e-mail with “Unsubscribe” in the subject line, or write us at:

Hedeker Wealth Management Group, LLC

One Overlook Point, Suit 250

Lincolnshire, IL 60069