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GOOD HUMOR

Amidst all the bad news this past week comes stunning news that Good Humor ice cream trucks have run out of their popular toasted almond bars. Was this another bubble caused by greedy corporations or was it the result of global warming? On top of that, Mayor Bloomberg is trying to ban Slurpees larger than 16 ounces and Big Gulps. No wonder New Yorkers are moving out – no tobacco, no salt, no trans-fat, no Slurpees and no Good Humor bars. The Mayor might consider reducing the fat in the city budget. However, there was some good humor in the White House this past week. Former President George Bush and his family met with current President Barack Obama and his family for the unveiling of the portrait of the 43rd President. By all accounts, there was a strong mood of civility and some good humor. President Bush remarked that on those long nights when President Obama would be strolling the hallways pondering the nation's problems, he might want to stop by the Bush portrait and ask himself, "What would George do?" Who knows, the current president may want to consult with all the former presidents and draw on their experience. After all, this is a very exclusive club – forty-four members and only five still survive. The country could use a good dose of cooperation right now to buoy its spirits.

Across the pond England is celebrating the 60th Anniversary of Queen Elizabeth's inauguration. This is a happy break from everything else happening in Europe and even here in America. Although the monarchy does not have the power of our presidency, Britons do approve of the monarch system by an overwhelming margin. It is good to see that there still is some continuity and stability in the world. Poor Charles though. He may never get to be king if the genetic code prevails. Further cause for celebration in England and around the world – the Olympics will be held in London this summer. That will give all participating countries something to cheer about. Unfortunately, the economic news leaves something to be desired. The jobs report for May indicated that only 69,000 non-farm payroll positions were added in May. The numbers for March and April were also adjusted downward. The unemployment rate ticked up to 8.2%. Also, GDP numbers for the first quarter were adjusted to a 1.9% annual rate from the 2.2% first reported. The unemployment rate has now been at 8% or above for forty consecutive months. Try as we may, it is hard to put a positive spin on these numbers. The best one can say is that we are still creating jobs. The government of course does not create private sector jobs, but they do establish the environment where private enterprise is willing to risk capital to create those jobs. There is just too much uncertainty in the world today

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to induce the job creators to risk their capital. The good news is that investors still consider our stock and bond markets the best and safest place to invest. It does, however, place more pressure on money managers to select stocks whose earnings and dividends are sound and which multinational companies can avoid economic slowdowns in Europe and the Far East.

The crack in the stock market last Friday has re-ignited rumors that the Fed may institute Quantitative Easing 3. We hope not. We do not need more money in the system. There is plenty of money on corporate balance sheets and sitting in financial institutions. There are some subtle signs that banks are being pushed to purchase Treasury bonds. We hope that's not true either as it could lead to another bubble when the economy accelerates and interest rates rise, leaving the financial institutions holding bonds at market losses.

The month of June promises to be somewhat pivotal. First, there will be the jobs report and the unemployment number. On June 17 voters in Greece go to the polls to see if they can reach some kind of consensus concerning their debt situation. It is just a guessing game at this point whether they pull out of the Euro and revert to the old currency and print money to pay their debts or just default on all debts – think Latin America in the 1980s. The other option would be for the other European Union members to bail them out. Neither option is attractive, but they cannot kick the can down the road much longer. Voters have demonstrated in the streets showing opposition to any hard line austerity measures, and if the EU bails them out who is next – Spain, Italy or Portugal. Dropping out of the Euro seems likely. Whatever happens, any negative reaction is probably pretty much baked into our stock prices. The Supreme Court is set to rule on Obama Care this month. Expect some turmoil no matter which way they vote. Then the Fed meets on June 19. Probably nothing meaningful will come out of the meeting. Fed representative Richard Fisher from Dallas, was recently quoted as saying, “The Fed remained in an accommodative mode because economic growth was just above stall speed.” He further stated that the US was the beneficiary of the crisis in Europe as it made our bonds “*relatively handsome.*” Well put.

Random Thought for June 2012: Laughing lowers levels of stress hormones and strengthens the immune system. Six year olds laugh an average of 300 times a day. Adults only laugh 15 to 100 times a day.

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