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WEALTH MANAGEMENT

## *IN THE NEWS*

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### **To buy, or not to buy? That is the question.**

Are you an “investor” or are you a “saver?” If the thought of having your money at the mercy of the volatile stock and bond markets would make you cringe or keep you up at night, you are most likely the latter. “Not that there is anything wrong with that,” Jerry Seinfeld might say. However, if you believe in the value of making quality investments with your hard earned money and that over time it may benefit you or your family, then you may be an investor and wondering “Is this the time to buy?”

### **Greed or fear?**

Buy now? This can be a bewildering question for many people. It is important to keep in mind that the short term direction of the market is governed by the emotions of greed and fear. Worries over Europe, current government policy, and the potential for a “double-dip” recession has kept fear prevalent as evidenced by large daily swings in market values. Although fear has been winning the battle lately, greed will inevitably come back into play and investors will not want to miss being invested when this occurs. Greed can return for any number of reasons. For example, some improving economic news coupled with the potential for a few unexpected positive announcements could cause a turn around. Moreover, the manufacturing and service sectors have continued to expand, recent holiday sales were strong, and consumer confidence has improved. These indicators may be just the recipe needed to motivate investors to put large amounts of sidelined cash back into the market.

### **Hope and faith are not good investment strategies.**

Hope is a feeling that something will eventually happen just because you believe it will, and faith is a belief in something even after common sense has told you not to believe in it. While these feelings are prevalent around the holidays and can lead to great personal accomplishments, they are usually detrimental when it comes to investing. Buying an investment that goes bad and hoping that it will recover generally does not work. With many heart-warming stories of faith and hope that make us feel good around the holiday season, keep in mind that having these emotions involved in your investment decisions can lead to frustration and a lack of success. If this describes you, consider teaming with the services of a personal portfolio manager. During the uncertain times that we are experiencing today, a good portfolio manager can be invaluable in helping you capture opportunities from asset classes that you may not consider investing in on your own.

### **Volatility is high.**

This headline has been a favorite in recent news, but what does it really mean to the investor? Indecision regarding the direction of the markets, economy, and political picture is more

prevalent now than at any other time in my investment career. In the late 1990's, it was hard to find a client who did not expect returns in excess of 15%. Now, 5% would be satisfactory to these same people. When expectations are low and fear and volatility are high, it often indicates a good long term buying opportunity. As you may have heard, some believe it's good to get greedy when others are fearful. If you agree, then start putting your investment wish list together and determine when and how you will get your portfolio invested.

### **Why buy today?**

Companies have reported record earnings while consumers have increased their savings over the past few years. Consumer spending represents about 70% of our economy according to J.P. Morgan, 4Q Guide to the Markets. With retail sales improving and potential further growth in sales from pent up consumer demand, we may be seeing early signs of more strength to come. This type of environment once again lends itself to a potential time to buy investments that match your goals. With tax time soon upon us, it is also a great time to review your current holdings and how they should be weighted based on your risk as an investor.

Consider taking a stand in 2012. Ask yourself what asset amount you can commit to certain sectors that may represent a good investment over the next twelve months. If you can accept fluctuations on part of your capital, this may be your time to create a diversified mix and build a solid portfolio designed to meet your goals while potentially maximizing the return you receive on your investments. And as an investor, I believe you will look back on this time and be glad you did!

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