

Rochester Financial Services

Fee-Only* Financial Management Services

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Dow Jones	S&P 500	NASDAQ	Russell 2000	10 yr Treas	Earnings Yield (S&P)	Gold	Crude Oil
14,996	1,679	3,774	1,071	2.61%	6.67%	\$1,317	\$103.06



Investment Strategy Report

Government Shutdown, Debt Ceiling Take Center Stage as Market Volatility Ramps Up

Last month at this time the concerns were Syria and the impending tapering by the Federal Reserve. Well the President didn't attack Syria and the Fed didn't taper. The result? After a lousy August, both the stock and bond markets recovered in September, with both sectors showing strong gains. The solid showing occurred despite the threat of the Oct. 1st government shutdown. It is now Oct. 3rd and the government has been shutdown for 3 days. Despite a weak showing today, the markets are basically flat for this 3 day period, with the S&P 500 down 0.2%.

However, volatility has ratcheted up and investors are nervous. There are no signs of any progress on the shutdown and the vastly more important problem of our country defaulting if the debt ceiling isn't increased, is on everyone's mind. So the question that investors (and many of you) are asking is, what should we be doing with our investments?

I have talked quite a bit about my "go to" guy, Steve Sjuggerud of Stansberry Research. His True Wealth Systems newsletter was fortuitously emailed to me tonight and I quickly read it to see what he had to say. All he wrote about was how excited he was about emerging markets, that they now represent a great opportunity (I will be looking to add exposure to this area in the near future). Nothing about the government shutdown. Come to think about it, Warren Buffet was on CNBC today and he didn't say anything about selling investments because of the shutdown. It seems that most top investors continue to look for good investments and don't appear to be cashing out now because of the shenanigans going in Washington.

The general belief is what I have been telling those of you who have called me recently. Three months from now, it is quite likely that the world will not have ended and the budget battles will have been resolved. The markets will probably stagnate and possibly drift lower while the impasse continues, but they will probably rebound and erase those losses once things get resolved. The timing of this is always very difficult. But that doesn't mean that those of you who are uncomfortable with this increased market volatility should sit tight with your investments. There is never anything wrong with reducing your exposure to the stock market and locking in your gains. I am always happy to discuss this with you.

In Bill Gross' investment outlook released today, he writes that "... trust that the Fed Funds [rate] will stay lower than expected for a long, long time". In Steve Sjuggerud's daily column entitled "Vindication!", he responds to Gross' column by saying that he, Sjuggerud, has been saying all along that "Stock prices and home prices can soar higher than most anyone can imagine, as the Federal Reserve keeps interest rates artificially low for longer than most anyone can imagine". So despite the quagmire that we in right now, it is quite possible that this bull market can continue for some time to come.

IRA RMD Time - For those of you with IRAs and who are 70 1/2 or older or for those who have an inherited IRA, I will be contacting you shortly about taking out your required minimum distribution for 2013, if you haven't yet done so.

Signing Up for Healthcare - As most of you know, beginning Oct. 1st, individuals are now able to sign up for the new health care plans under Obamacare. Those of you on Medicare or who have insurance through your employer probably don't have to do anything. But for those, like me, who buy their health insurance privately, you will want to check out your new health insurance options by going to Medicare.gov and then entering your state (feel free to let me know how you make out).

Recent Milestone - Last month I neglected to mention that September marked a milestone for my business. It was 20 years ago, on September 15, 1993, that I began my business, filing a DBA for Rochester Financial Services in the Monroe County Clerk's office. My thanks go out to all of you who have placed your trust in me and have allowed me to serve you all these years.

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