

# BEALL

Financial Planning • Wealth Management

Autumn 2007

**Important Dates!**

- November 6th: Holst will hopefully be fully healed from his broken leg and have his walking cast removed
- The office will be closed November 22 & 23 for the Thanksgiving Holiday.
- Colleen will be celebrating her birthday on December 1st
- The office will be closed December 24-26 for Christmas.
- IRA required minimum distributions must be completed by December 31st.

**Welcome Joshua & Liam!**



Joshua William Beall, Born August 31, 2007 weighing 8lbs 1 oz. He is presently over 12 lbs and is seen here at his Christening with his proud parents Ann & Jim.



Liam Elliott Giffin, Born September 13, 2007 weighing 7lbs 11 oz. He is about 9 lbs and seen here at Joshua's Christening with his mother, Colleen.

**Cash is King!**

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There is an old saying that in a recession cash is king. We may or may not be heading into a recession or an economic slowdown, but the wisdom of having cash on hand has held true for many generations. It is why we stress having an emergency fund that can see you through rough times or an unexpected expense.

When asset prices are falling and when people need to raise money quickly those with cash have the ability to step in and get a great asset at a great value. This philosophy is what has enabled Warren Buffet to become one of the world's richest people. Applying the principle to your own life is as easy as saving for a rainy day. Eliminate the

debts and other drains on your cash flow and put your cash to work for you whether in high interest savings accounts, brokerage accounts or in your retirement accounts. In addition to looking for ways to decrease your expenses you can look for ways to increase your income. Your junk maybe your neighbor's treasure (think eBay).

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## The Markets



Joshua William Beall sleeping peacefully in his daddy's arm.

We ended the third quarter with strong gains in most market sectors and asset classes that continued into mid October. The credit market is continuing to be a worry for the banks & mortgage companies. The housing bubble that many parts of the country experienced is continuing to burst with some builders walking away from projects until conditions

improve.

We see continued strong demand in the energy sector as supply has not been able to keep up with world demand. We also see continued strength throughout the commodity sector most importantly the agricultural sector. Where a worldwide rising of incomes among developing nations has spurred

a worldwide demand for more food. Most small & medium business that do not have significant export businesses or overseas sales will struggle as the U.S. economy weakens. Companies with significant overseas operations & exports should do well as Foreign economies remain strong and are less dependent on the U.S. economy than in times past.

## ***We see a strong chance of an Economic slowdown ...***

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### Economic slowdown or recession?

The National Bureau of Economic Research defines a recession as a significant decline in economic activity spread across the economy, lasting more than a few months. Others view it as a decline in Gross Domestic Product for at least two consecutive quarters.

While certain sectors of the national economy have seen a recession (housing) most have continued to expand. The rate of growth (economic slowdown) has occurred in many sectors. Most economists are still predicting that the U.S. economy will continue to grow this year and the rate of

growth will increase next year.

We believe that the U.S. economy will continue to slow and we will put the odds of a U.S. recession at 65%.

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## Economic Outlook

The continued decline in the value of the dollar has continued to inflate the price of oil, steel, and other commodities Americans purchase on a regular basis. This inflation will continue as long as Global demand remains strong for raw materials.

The weak dollar will continue until the housing & credit markets strengthen and the government's spending is reduced to more closely match its revenues.

We see a strong chance of an economic slowdown in the overall economy if not an

outright recession. While America may be slowing down, the rest of the world's economies for the most part are speeding up and in the case of developing markets growing rapidly.

We are expecting a slow Christmas season for retailers

who should be offering discounts earlier than in seasons past. Look for bargains this holiday season.

Expect continued rising or high prices for gasoline, food, & most imported goods.