



PLANNING STRATEGIES INC

Registered Investment Advisor

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Déjà vu?

I hope that most of you will recall a previous article I wrote in this tome entitled "Markets and memories are Funny Things". For those of you with adult memories, I spoke of the classic cowboys and Indians movies, where the cavalry always swoops in at the end of the movie and saves the hapless settlers. I ended that article by referring to the Resolution Trust Company, and the bailout of the Savings and Loan industry.

Déjà vu!!! By now I'm sure you have all heard of the plight of Fannie Mae and Freddie Mac. Talk about the cavalry swooping in. The settlers were/are sure running scared. Real Estate is now at least partly a four letter word!

Given the doom and gloom that is pervading the markets right now, I think it's appropriate to exercise our fading memory, and reflect on the amazing similarities to another period of our collective lifetime experiences.

Does anyone recall the Nifty Fifty and muscle cars? In the late 60's early 70's our economy was humming along, and barring some concerns about social issues, life was great. Oil was \$3 a barrel, and demand for the black gold was exploding. However, the dollar was beginning a free-fall, due to the removal of the dollar from the gold standard. This, combined with geo-political problems, namely the Yom Kippur war, ultimately resulted in the infamous oil embargo. Oil tripled in price within weeks. Things settled down for a while, and then we had the Iranian Revolution, and the hostage crisis. Oil again tripled, to almost \$40 a barrel in 1979. By the way, we experienced price controls, and a "windfall profits" tax. These efforts by our politicians made the situation worse – not better – historical fact. By the way, this was the first time that we were told we had reached "peak oil".

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All The News That's Fit to Print? By Scott Smith

The motivation for this article comes from one simple emotion...FRUSTRATION! With the recent struggles of the major markets, the soaring gas and energy costs, and other economic troubles it seems like there is a lot to be frustrated about. But the frustration that I feel is not directly from these troubles (although they are linked), but instead comes from the trend that I have seen in major media in how they have chosen to report the "news" about these problems. My intent here is not to make the argument that our economy is without problems. There are some major issues that we are and will continue to deal with. However...at the same time, I do not believe the sky is falling, I do not believe we are witnessing the end of the free world, and I do not believe that the apocalypse is at hand. If you listen to the major news networks though...you might believe the end of times is just around the corner.

I believe there was a time when the news gave the facts, and then the viewer could draw their own conclusions about the state of reality. That does not seem to be the case anymore, and it is not only a shame, but I believe it is dangerous. At the very least it warrants constant diligence against what has become little more than a propaganda machine. For anyone who thinks that "propaganda" is too strong a word to use about modern media's reporting habits let me state and hopefully make my case. When you have a set of facts...let's say some good, some bad and some neutral, and you choose to purposely report only the bad while ignoring or

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Turning “Someday” Into Today

By Lori Fernandez

An article I read, “Turning Someday into Today” by Mike Kramer, a staff writer for Sparkpeople, started to make me focus on the subject of priorities. I think that you may find some of this thought provoking.

We’ve grown up in a world in which we’re not used to saying “no” or doing without. By now, we’re used to being pulled in many different directions. We’re uncomfortable with the idea that we may just have to let something slide. We get so caught up in trying to do everything that we lose sight of what’s important, our family, our friends and our health. This is a futile strategy.

We’ve all heard “You can have everything. You just can’t have everything right now!” To reach your goals and live the life you want, it takes priorities and patience—the ability to choose between two competing wishes, and the willingness to set one aside for now and wait.

Obviously, there are some realities of living that require attention. We need to work, eat, sleep and care for our families. Beyond that, though, *everything* is optional. The choices are completely yours and you can do something about it by making those tough decisions.

When you know that life will still be waiting for you tomorrow, it gives you the freedom to make today count as much as possible. “Someday” is right now.

If we ever hope to reach our biggest goals, we have to start giving ourselves permission to ignore one thing—or several things—for the sake of something more important. What can be more deserving of our time?



Summer Thoughts...

Rest is not idleness, and to lie sometimes on the grass on a summer day listening to the murmur of water, or watching the clouds float across the sky, is hardly a waste of time.

~John Lubbock

A perfect summer day is when the sun is shining, the breeze is blowing, the birds are singing, and the lawn mower is broken.

~James Dent

Déjà vu? Continued from Page 1

Was that the end of society as we knew it? Of course not. Good old capitalism kicked in and came to the rescue of the settlers. Consumption\demand had crashed, at the same time that worldwide exploration and drilling boomed. Inevitably, the price of oil began a 20 year decline, ultimately declining back to \$10 per barrel.

Being the happy settlers, what did we do? We went out and bought big gas guzzling SUVs, drilling stopped, refineries rusted, and exploration was deemed environmentally inappropriate.

So where does that leave us today? Well, reports that we’ve reached peak oil are back again, consumption is falling, and we’re all trading in our SUVs for hybrids and motorbikes. Recently, the Transportation Department reported that we drove 11 Billion less miles in the month of March than the year before!!! Inventories across the globe are building, and drilling\exploration is expanding at a pace heretofore unseen.

Is it different this time?

Is the law of supply and demand wrong?

Is the cavalry behind the ridge?

-Semper Fi

All The News Continued from Page 1

even distorting the rest...I believe that is propaganda. Whether the motivation is political, ratings based (bad news sells better than good news), or some other agenda doesn't really matter. The fact, and the point of this article, is that the "whole truth" has not been flowing lately. Since economic headlines influence how people make decisions about their money I think it is time to offer some perspective.

One problem with picking up this subject is that its breadth goes far beyond what I can pack into a newsletter article. But hopefully I can at least offer some examples to dull the effects of the constant drum beats of negativity.

Probably the best example to start with is the "R" word. We have been hearing the term "recession" since November 07 when the final quarter GDP numbers were announced. It started with the whispers that a recession may be coming...and very quickly turned into a "matter of fact" use of the word, which has pretty much continued until today. In fact, most recently I heard the news about June's job numbers reported this way..."60,000 job losses in June shows more proof of recession!!!". That sounds scary. But...there are a few problems with that. First, every recession our country has ever seen has been marked with monthly job losses of around 300,000 or more. Second, our nations' unemployment rate at the end of June was still 5.5%...which is not only the envy of the world but was considered to be "full employment" during the 1990's (different President then). Finally...it might be nice to discuss what actually constitutes a "recession". Our country's economic expansion or contraction is measured by Gross Domestic Production, or GDP for short. A recession is measured and defined by two consecutive calendar quarters of negative GDP growth. The facts are that the GDP in the final quarter of 07 was 0.6%. That is not very good, but it is not a negative number. The first quarter of 08 was again 0.6%, and the estimated number for the second quarter of 08 was 0.9%. So not only have we not had a single negative quarter, but as of the second quarter of this year the number was actually improving. So...why are members of the media still reporting we are in a recession?

Here are some other interesting facts. Did you know that the 0.6% GDP number in the final quarter of 07 followed 18 quarters of very robust economic growth,

or that the third quarter of 07 was the greatest increase in GDP for the prior 3 years? Why wasn't that reported?

Did you hear about this? On Friday June 27th, some very important numbers were released...something called PCE, which stands for Personal Consumption Expenditure. I was eagerly anticipating this number because it makes up roughly 71% of the entire GDP data. With this data, the prior released second quarter GDP numbers would be revised either up or down. When the numbers were announced it was a very pleasant surprise. High gas prices had not drained consumer spending as was anticipated, and the PCE actually rose by 0.4%. This was following a rise of 0.2% in April. What does this mean? It means that the second quarter GDP number will certainly be revised upwards from its estimated 0.9%...making the trend even better. I was very excited to hear this and waited for our friends in the media to spread the good news! You know what I heard? Not a single peep. To my knowledge not one major network made this a lead story.

My point here is not to simply vent...but to implore you the reader to keep your composure, your intelligence and your common sense. When you are only given partial facts you cannot make good decisions. Whatever is motivating the media to report only the worst data doesn't matter...the fact is, it probably won't change any time soon. So please take what you hear with a grain of salt, fact check the talking points, and remember that all problems contain equal or greater opportunity. This storm will pass as all do, and I firmly believe history will remember 2008 as "the Recession that wasn't".





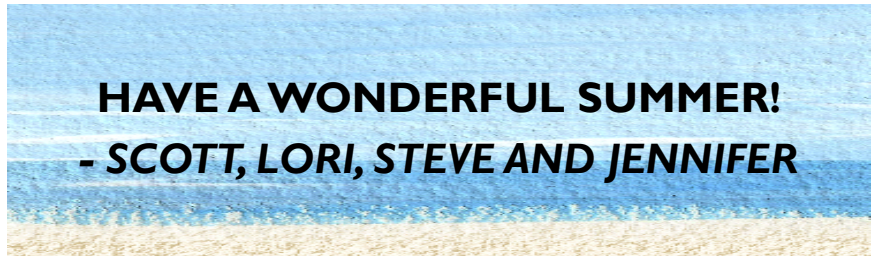
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EXPERIENCE.**

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**If You missed Our Open House in June Please Join us
Saturday, August 2nd from 4 pm to 7pm
for our Neighborhood Open House**

Light hors d'oeuvres and desserts will be catered by Molly's Pub and Fenz Restaurant & Latenight.
We will sample various wines from Cullari Winery. Other refreshments will also be available.

We hope you can join us!

**Please RSVP with Jennifer
at 717-207-7123 or Jennifer@visitpsionline.com
by Wednesday July 30th**