

*From the Desk of John Colley...*

*Reflections of the Day*

We live in a world of worry and that has become a way of life on Wall Street and Main Street.

We used to hear it said that the “stock market likes to climb a wall of worry” or one of our friends or neighbors might say, “don’t worry so much... it will be OK”. Those cliché remarks have taken on a deeper meaning today, especially if you follow the news daily... there is a mountain of opinions and viewpoints to react to.

The deluge of concern about the world’s geopolitical challenges seems to never turn off... After all, the world provides us with news 24/7 and the Euro zone’s woes and challenges have been dominating the headlines for 3 years now... Greece, Spain and France are in the current spotlight. There are no easy answers either because cracking down on spending is only part of it. Views on austerity and entitlement and citizen’s rights are all at issue. Even the type and forms of government rule and representation are being reevaluated and prioritized.

The U.S. financial markets have reacted with its usual weakness, retreat and conflicted volatility... despite some improving fundamentals and very good corporate earnings in the first quarter because, in total, it still means there are risks associated with our irregular recovery. It is a Presidential Election year and a lot is coming to a head. Not to panic but defense is a good offense. It is a difficult call to finesse a bottom in any absolute terms.

As in the past, patience (and some selected pruning) can be a wise strategic posture, because we often see the bad news blow over and investors believe they have over-reacted to the downside, creating a frenzy of buying and a rally or two ensues and brings it back to the “middle”. Never a sure call, but we are carefully monitoring and reacting to these crosscurrents.

Broken record sounds again...

Fiscal Health of the Spanish banks is weighing heavy on investor sentiment and global markets while the Greek coalition efforts continue (and produce no clear winner), prompting speculation that the troubled country will return to the polls.

Best regards...

JC

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