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The Good News File

This week I mentioned to some friends that the economy was doing well. They reacted as if I were a lunatic and beyond help. The financial crisis and Great Recession have so traumatized everyone that pessimism seems to be our natural state. Investors need to be realistic and not seesaw between despair and euphoria. This week, before the Friday sell off, the Dow Jones Industrial Average set an all-time high, more than doubling from its low of 6,600 in March 2009. We have been in a strong and durable bull market. Employment is improving -- slowly but improving nonetheless. Auto sales are up 60 percent from the bottom and housing is recovering from a once in a century national slump. The financial sector -- the economy's critical nervous system -- has gone from dysfunctional and broke to healed. Energy efficiency and the potential for energy independence -- long unthinkable -- are on the horizon. Even the annual Federal budget deficit has declined 60 percent and is dropping rapidly. While the Federal Government is still a tad shaky, the underpinnings of the national economy are much, much stronger than five years ago. We don't need to pop the champagne yet, but we shouldn't quake either.

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About Larry Luxenberg

Larry is a Chartered Financial Analyst with 28 years experience as an institutional investor and financial consultant. Larry specializes in retirement planning for Baby Boomers and strategies for maximizing benefits for Social Security. He has been widely quoted in newspapers and magazines and has appeared on CNBC and other television and radio programs.