

**For the Week of June 28, 2010**

## THE MARKETS

The Federal Reserve's Open Market Committee ended its two-day meeting on Wednesday by leaving the federal funds rate unchanged at zero to 0.25 percent, where it has been for the past 18 months. The Fed's statement about financial market conditions, which it described in April as "improved," showed concern this time as it stated, "Financial conditions have become less supportive of economic growth on balance, largely reflecting of developments abroad. Bank lending has continued to contract in recent months." Manufacturing activity has been increasing, however, and businesses are spending more, leading Fed Chairman Ben Bernanke to express confidence that the country will not face a "double-dip" recession. Markets will be closed Monday, July 5, in observance of Independence Day. For the week, the Dow dropped 2.94 percent to close at 10,143.81. The S&P declined 3.63 percent to finish at 1,076.76, and the NASDAQ fell 3.74 percent to end the week at 2,223.48.

Returns Through 6/25/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	-2.94	-1.44	23.08	-6.11	2.37
NASDAQ Composite	-3.74	-2.01	21.53	-4.80	1.61
S&P 500	-3.63	-2.52	19.42	-8.38	0.07
BarCap US Agg Bond (TR)	0.45	4.85	9.13	7.46	5.43
MSCI EAFE	-2.59	-11.06	10.17	-12.46	1.34

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The S&P, excluding "1 Week" returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

**Stocks Down, Bonds Up** – Since 1976, the S&P 500 has had a negative total return in seven separate calendar years. In each of the seven years when the stock index was down, the bond market (using the Barclays Aggregate bond index as the benchmark) produced a positive total return (source: BTN Research).

**Summer Travels** – Every 1-cent reduction in the price of gasoline saves Americans \$3.4 million a day. The national average price of gasoline peaked on July 16, 2008, at \$4.11 a gallon. As of June 18, 2010, the national average price of gasoline had fallen to \$2.72 a gallon (source: AAA, BTN Research).

**Where Did The Extra Hours Go?** – The productivity of the average American worker over the 10 years ending Dec. 31, 2009, is up 31.2 percent or 2.75 percent per year. That means the workload that would have taken an average employee 40 hours to complete in 1999 in a single week can now be done in 30 ½ hours (source: Department of Labor, BTN Research).

**WEEKLY FOCUS – Protecting Seniors from Scams and Swindles**

Like the financial markets, money scams run in cycles. Resurfacing last year was the grandparent scam, in which a caller poses as an elderly person's grandchild in distress, usually involving an arrest or car accident while traveling in Canada. The "grandchild" asks the grandparent to wire a few thousand dollars and to please not to tell mom and dad.

A recent survey by the Investor Protection Trust, an independent group that promotes investor education, found that more than 7.3 million older Americans – about one in five – has been swindled, with above a third of adults over age 65 saying they receive phone and mail solicitations for money or participation in money-making schemes.

Adult children tend to be unaware of the prevalence of scams aimed at the elderly. In the same survey, only 19 percent thought their parents had been approached by a swindler. While most were confident their parents would tell them immediately if they lost money in a scam, 16 percent thought their parents would be too ashamed to tell, and 35 percent said they wouldn't be able to determine a scam had taken place if their parent didn't disclose it.

Elderly Americans can be particularly vulnerable following the death of a spouse, particularly if the deceased handled the couple's finances. Scams at this time often come in the form of callers claiming the deceased spouse had entered into a contract or agreement for services that the surviving spouse must now pay.

Approaching elderly parents about their finances and their ability to continue making rational and informed decisions can be difficult for adult children. We can help by creating nonthreatening opportunities to help educate your parents about potential dangers and encouraging them to take steps now to prevent future problems. Call our office to schedule a multi-generational appointment.

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\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI#305496