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Letter from *your Advisor*

“The only cases in which the masses have escaped from grinding poverty, the only cases recorded in history, is where they have had capitalism and largely free trade. If you want to know where the masses are worst off, it’s exactly from the kinds of societies that depart from that. So the record of history is absolutely crystal clear that there is no alternative way, so far discovered, of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by a free enterprise system.

-Economist Milton Friedman

Looking forward we should be neither optimistic nor pessimistic but we should be realists.

2009 and beyond presents us with a myriad of problems: an economy that looks to be in free fall; lack of confidence at the consumer level and on the part of investors; massive, stimulus efforts and an activist, intrusive government; and an overleveraged society, both here and abroad. It follows that the moments in history when there are many, many problems like these there are also many opportunities presented to us.

MEANWHILE, ON THE ROAD TO RECOVERY...



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ECONOMY BY NUMBERS		
Consumers Confidence March M/M, Conf. Bd	26.0	↑
Existing Home Sales, Feb, M/M NAR	+5.1%	↑
Mortgage Rates March bankrate.com	4.9%	↓
Unemployment Rate March, bls.gov	8.1%	↑
Leading Economic Indicators Index, Feb, M/M Conf. Bd	-4%	↓

Our Economic Future: markets anticipate.

They will not wait for the good news to be spread across the headlines of *The Wall Street Journal*. The news about the economy today is awful, and we can expect possibly several more quarters of pretty ugly announcements, but we are already beginning to see a few positive glimmers in the data. The first signs are often not good news but news that things are getting less bad. Some examples, we all know that housing prices are not good, but the declines have moderated and even reversed in some areas. Housing activity — sales of homes — is picking up. In fact, housing activity in California is significantly above the low levels of a few months ago, and inventories of unsold homes are starting to flatten out and have actually declined a little in the last couple of months.

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JPMorgan Chase cut their dividend on 2/23/09, and the stock went up, not down. Global freight rates—they are one of the early everyday, real world indicators of healthy global trading, a solid indicator of economic activity levels. And they had been plummeting since early last year but have moved up recently.

There are signs that economic activity in Asia and China may be strengthening a bit. Point: if you look at the Chinese market in 2009, it's up quite a bit after a horrendous 2008. Goldman, Bank of America, Merrill, Citi, Morgan Stanley all confirm that the credit markets are thawing. They're not fluid, but they're much improved, and financing is happening. Many companies have raised debt. It is a little more expensive debt but they have raised debt.

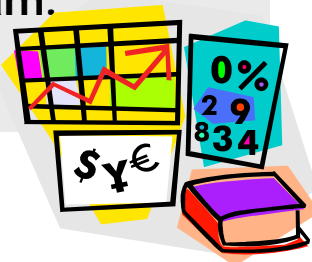
BOTTOM LINE SUMMARY ON INVESTMENTS: Although the very short term may remain volatile, we believe from the indicators that guide us we have a good chance of prices recovering for equity investors by early summer. There are trillions of dollars out there in short term money market instruments earning very little that have started to find its way back into high quality companies debt and stock. Investment capital is looking for a home and a portion will take advantage of the current low prices.

The NYU professor Nouriel Roubini, also known as "Dr. Doom", the most famous of the handful of economists who predicted the current debacle, in his March interview with Henry Blodget, is NOT predicting an imminent economic recovery. He believes most economists are too bullish, and that unemployment will eventually rise over 10%. In Roubini's opinion, the quarter that is now ending, Q1 will be the worst rate of decline in the economy and that things will gradually stop deteriorating and then get better from here. He has moderated significantly from his earlier 'doom as far as you can see' predictions. In short – the worst is past.

THE BEST BOOK ON INVESTING

What is the best book on investing ever written? According to Warren Buffett, recently ranked second on the Forbes 400 list of the wealthiest people in America, that accolade goes to a book titled, *The Intelligent Investor*, by Benjamin Graham.

A TIMELESS CLASSIC.



TIPS FOR LAST MINUTE INCOME TAX FILERS:

- e-file;
- double-check your tax ID number;
- remember IRA contributions: \$5,000 per taxpayer/\$6,000 if over age 50 – may be deductible;
- use direct deposit if refund;
- if you did not receive the full 'stimulus payment' last year you have a second shot at it.

Correspondence by E-mail. Sign up today

Remember, if you sign up for email newsletters and quarterly reports from us you will be eligible for the drawing [every 2 months]. Those already signed up will be automatically entered in drawing for \$25 cash.

To sign up email: info@loveless-wealth.com

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