

Red means STOP. Green means GO.

Wouldn't it be great to have signals like these for our stock markets? Unfortunately, there are no traffic signals for the markets, but there are some signs an investor can focus on to help make better investment decisions. Most, sorry to say, don't pay any attention to these indicators or just don't know what they are. This can make navigating through various market cycles difficult. Let's look at some of these areas.

Interest Rates— Over the long term, rising interest rates are not good for the stock market. The Federal Reserve has just completed its 16th consecutive rate hike, a continuation of increases initiated by former Fed Chairman, Alan Greenspan. Today, most investors are mistakenly focused on how many more increases the Fed will make before it is 'done'. In reality,

the groundwork has already been laid and we're beginning to feel the effects of previous hikes, yet most investors will continue to ignore it.

The Housing Market— The Housing market is not what it used to be just two short years ago. Let me explain. Low interest rates and attractive interest-only loans made it relatively easy to purchase your dream home or investment property. It seems like everyone was in the business of buying and selling homes for profit. Have you noticed the number of 'For Sale' signs in your neighborhood lately? As mortgage payments are adjusted to higher levels, those with variable mortgages are forced to put their home(s) on the market to alleviate the increased financial strain. And at the same time, contractors are still building houses which are

competing with existing homes. Oversupply of anything tends to lead to lower prices.

The Crude Reality— At the time of this writing, a barrel of crude oil approaches

yet another record high. Oil is just another component of basic materials most Americans need to satisfy our current lifestyle. In the event of a disruption in supply, (caused by catastrophic weather, sabotage or any other factor) prices could potentially move even higher. The more money consumers spend at the pump, the less they have to spend at their favorite retailer, which slows other areas of the economy.

Political Uncertainty— Unfortunately, political uncertainty is alive and well around the globe. The list of countries in turmoil continues to grow. As tension and fears escalate in these parts of the world, uncertainty takes hold of investors and puts additional pressure on equity markets.

In summary, it's not one factor that makes or breaks a market, but a collaboration of many that paints a picture for those willing to pay attention and more importantly, take action. Take the time to consult with your advisor for a strategy during higher and lower markets. If you invest on your own, I hope you've made adjustments already... if not, maybe you're missing the signs, too.

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Montessori Pebbles

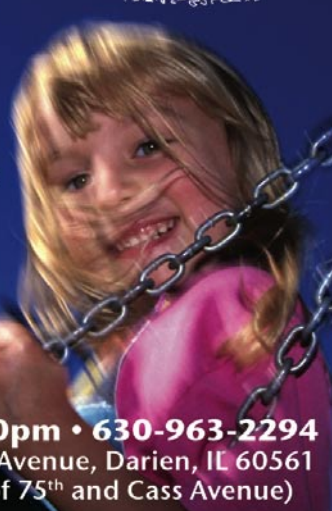
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