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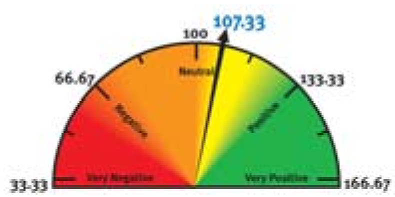
Advisor Confidence Index Dips in October

Advisors feel more negative, remain concerned about long-term economic outlook

October 26, 2009…Rockville, MD… In October, advisor confidence in the economy and the stock market slightly decreased, according to Rydex|SGI AdvisorBenchmarking. The Advisor Confidence Index (ACI)—a benchmark that gauges advisor views on the U.S. economy and stock market—was 107.33 in October, down nearly 2% from 109.14 in September. However, confidence remains higher than it has been for most of the year.

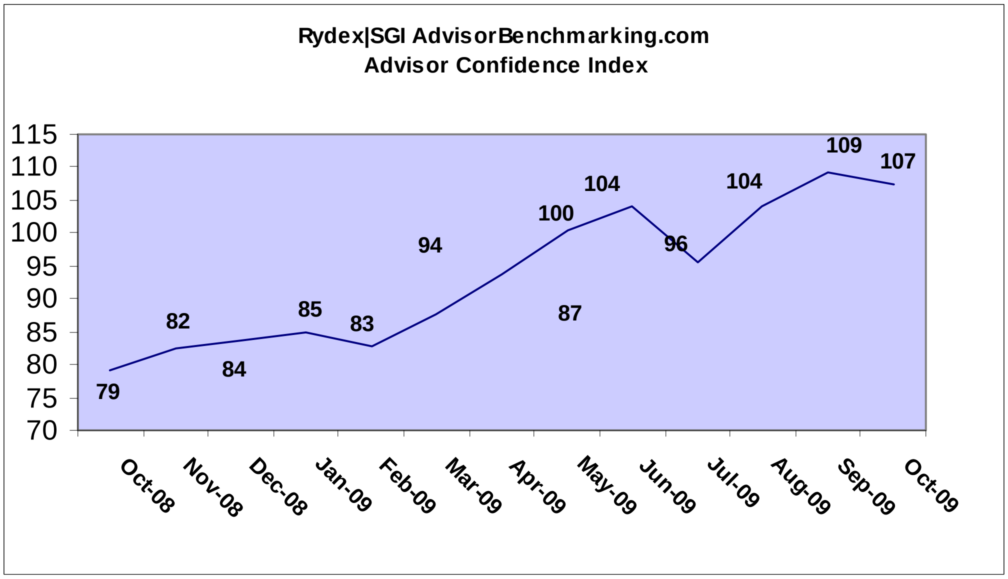
Economic and stock market outlook is slightly more pessimistic

The Advisor Confidence Index, which had improved in September, retreated slightly in October as investment advisors remain apprehensive about the stock market outlook. “The U.S. economy is slowly stabilizing and should see a gradual improvement going forward. However, growth will be muted and thus employment growth will continue to be non-existent over the next several months,” said George Cheatham from American Financial Consultants. “While we are pleased with the nice recovery in the markets and economy, we are becoming more concerned about the high valuation levels and whether they are sustainable,” added Jim Elder of ElderAdo Financial.



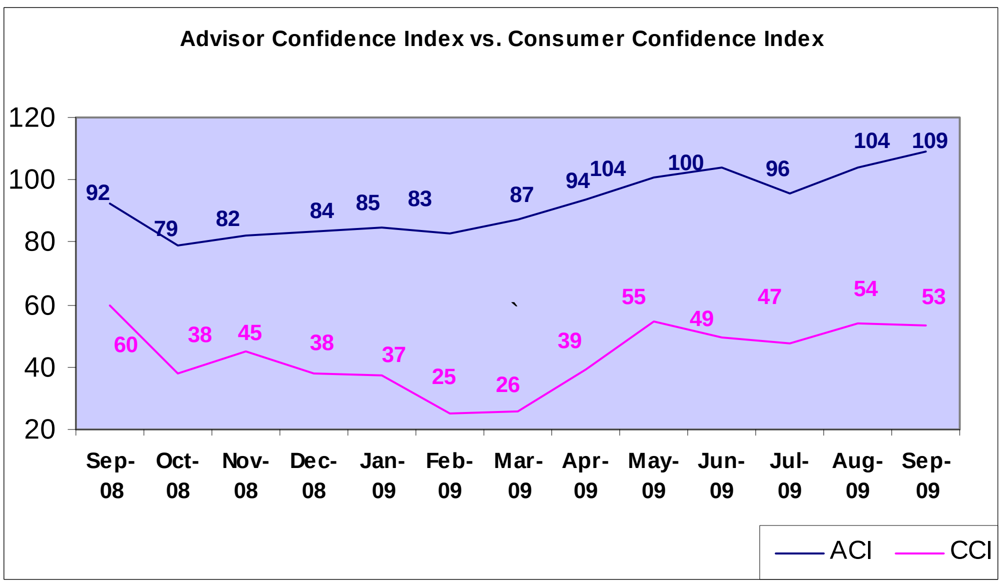
All four measures in the ACI dropped in October, with the most pessimistic forecasts centering on the stock market outlook. A closer look at the components reveals the following:

Current economic outlook	-0.12%
Six-month economic outlook	-0.81%
12-month economic outlook	-2.41%
Stock market outlook	-3.11%



Advisor vs. consumer confidence

The Conference Board Consumer Confidence Index®, which had rebounded in August, decreased in September. The index now stands at 53.1 (1985=100), down 1% from 54.1 in August.



Notable comments from participating advisors

Most advisors who participate in the survey elect to have their names made available to reporters who would like to interview them about their economic sentiments. AdvisorBenchmarking can facilitate such interviews for reporters.

"This is likely to be the strongest recovery since the early 1980s. There is a decent chance that emerging market consumers could be ready to be the primary consumer growth engine as their combined consumption is now equal to the U.S. and likely to be increasing at a healthy clip, especially if the emerging market countries do not need to accumulate more U.S. dollar reserves to increase their own money supplies. We could be at the start of a significant rebalancing of global trade."

-- Bill Ramsay, Financial Symmetry Inc

"The U.S. economy is slowly stabilizing and should see a gradual improvement going forward. However, growth will be muted and thus employment growth will continue to be non-existent over the next several months. This could prove to be troubling, especially heading into the Christmas season as consumers will still be hard to coax into spending. Investors should use the next few months to review their overall portfolio allocations to establish reasonable goals for their expected return and the risk levels associated with getting those returns. Investors should especially take into account the fact that the world economy is changing and they will have to change their investing habits to account for the new global economy, which will see better long-term growth opportunities overseas rather than at home."

-- George Cheatham, American Financial Consultants Inc

"We remain amazed at how thick the skepticism is regarding the potential for a sharp economic rebound to emerge over the next nine months. Our long-term concerns have not been placated; in fact the factors contributing to the short-term economic "revival" are likely to make the long-term outlook even worse. Trillions of dollars of fiscal and monetary stimulus globally is also likely to have an impact. We see markets transitioning from fear of a weak recovery to relief of a stronger-than-expected recovery, to anxiety over inflation re-emerging and the dangers of higher interest rates. While likely vulnerable to an October/November correction, we believe energy and materials are likely to dominate market leadership as we enter 2010."

-- James Dailey, TEAM Financial Managers

"While we are pleased with the nice recovery in the markets and economy, we are becoming more concerned about the high valuation levels and whether they are sustainable."

-- Jim Elder, ElderAdo Financial

"The seasonal trade winds have turned in our favor as the calendar has rolled into October. History shows that most of the market gains come between the fall and the spring. Investors continue to come out of their bunkers and allocate cash to fixed income, value stocks and emerging markets. The TV talking heads want to debate whether we've come too far too fast. The technicals say you should be invested and not sitting on the sidelines. Investors continue to fear missing the move as the third quarter turned in one of the best performances ever. Now the focus is on earnings and hopes they will come in better than expected. The new fear will turn to 2010 and when the Federal Reserve (Fed) will start raising rates. Australia was first out of the gate with a surprise move upward of 0.25%. The other fear is the decline of the U.S. dollar, which is a real fear and investors should heed by placing some assets in non-U.S. dollar denominated positions. Invest wisely. "Buy-and-hold" is DEAD–it is a new day."

-- Kenny Landgraf, Kenjol Capital Management LLC

"The market is definitely trading on technicals rather than on fundamentals. The S&P 500 bounced off its 200-day moving average this summer and 50-day moving average last week."

-- Michael Sadoff, Sadoff Investment Management LLC

“As a general rule, a certain level of healthy anxiety is positive–what gets investors in trouble is an excess of either optimism or pessimism. While today’s mood may be a bit too pessimistic, being cautious in the current market makes sense ... provided that prudent caution doesn’t cross the line into panicked inertia or hasty decisions.”

-- Rob Siegmann, Financial Management Group

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