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# Advisor Confidence Improves in March

By Matt Ackermann
March 31, 2010

Advisor confidence in the economy and the stock market improved in March as a majority of advisors think that unemployment has finally steadied.

According to Rydex SGI AdvisorBenchmarking monthly advisor confidence index, which gauges advisor views on the U.S. economy and stock market, advisor confidence increased 1% to 108.59 in March from a month earlier.

The index, which had declined in February, rebounded in March, as the economy slowly continued to recover.

“Reasonable earnings growth will fuel a positive trend in financial markets, aided by continued accommodation in monetary policy, while underlying economic conditions gradually improve,” said Steven Brill, an advisor at Spielberger Dampf Brill & Levine, LLC in Jericho, N.Y.

Three of the four measures in the advisor confidence index, which was released Monday, increased in March, with the most optimistic forecasts centering on the six-month economic outlook. A closer look at the components indicated that advisors are more confident about the current economic outlook, the six-month economic outlook, and the stock market outlook, but remain skeptical about the 12-month economic outlook.

“The cyclical outlook continues to be positive as it's beginning to look like the handoff from government stimulus to private sector demand may be less problematic than feared,” said Bill Ramsay, an advisor with Financial Symmetry Inc.. “The financial sector looks set to be smaller and less innovative. We believe this will be a positive for long-term economic growth as it seems the sector’s large size and innovation not only added fragility to the global financial structure but also caused massive misallocations of capital and human resources.”

During the month, 60% of advisors said that they expect employment rates to remain steady over the next six month.

“The economy has stopped shedding jobs,” said Kenny Landgraf of Kenjol Capital Management LLC. “It’s just that companies are not adding jobs and will delay until they squeeze existing resources as much as possible (higher productivity). Also, the hiring landscape for companies will be to use temporary and contracted services for the appropriate workload. With the uncertainty of the healthcare reforms and higher taxes, companies will err on the side of not hiring. That’s the bad news. The good news is that company profits are expanding and companies are sitting on more cash.”