

YO-YO Pattern

Global Markets are in a holding pattern waiting for two key events over the next week: Elections on Sunday in Greece which will determine if they remain in the EU; the Fed meeting Tues. to reveal if more stimulus (Quantitative Easing) is initiated. The last 7 days have seen a YO-YO pattern in the market which has vacillated 1% or more - up, down, up, down, up, down, and up again on Thursday. The latest run up in the market is due to a coordinated comment by Central Banks from major economies who '**stand ready to take steps to stabilize financial markets and prevent a credit squeeze should the outcome of Greek elections on Sunday cause tumultuous trading...**' Very reassuring indeed! I feel much better knowing that. Don't you? 'Event' risk is high, making an unpredictable and unstable market environment. Even once we get past next week's meetings, the underlying issues of too much debt, slowing growth, and political uncertainty still remain and must be addressed. Thus, markets are likely to remain choppy and trend-less through the summer.

Portfolio Positions have been shifted with the objective:

- 1) Lower risk: Stock exposure is significantly weighted toward the US
- 2) Increase Income: Corporate and High Yield Bonds
- 3) Preserving capital: Increase cash holdings

This strategy will remain until better visibility materializes. As always, please contact me with any questions or concerns.