European Woes: Accompanying the excitement of travel, was following the volatility of the world markets from the other side of the pond. Unlike the US, Europe has never recovered from the great recession that began in 2008. In fact, the entire EU is in a downward economic spiral where Governments are taxing any form of spending and income which in turn is slowing growth further and reducing much needed revenues to support the growing public debt load. (Sound familiar?) The situation is very fluid and unpredictable, as it is in the hands of politicians from multiple cultures, social economic classes, and countries. The next hope of a consensus and the possibility of moving in a positive direction will come after the Greek elections June 17th when a new government will be established. Greece must decide if they are willing to accept the severe austerity measures dictated by the EU government which would keep them in the EU, or abandon these terms and withdrawal. Speculation on the consequences of withdrawal is rampant. Fear of bank failures, system wide liquidity disruptions, and negative impact on consumer confidence and businesses investment/hiring is being priced into the market.

Volatility: The damage to the markets has been brutal with various World markets falling 5-13% over a three week period. The chart below shows various market Indices' 2012 peak gain, current YTD gains, and clearly highlights the huge volatility in stocks this year so far. Markets are likely to remain exceptionally sensitive/volatile until more clarity
is given to the European situation.

(Nikkei=Japan; DAXK=Germany; BSE SENSEX= India; Hang Seng= China; CAC= France; FTSE= UK)

Portfolio Strategy: Some Good News. Portfolio strategies, which are designed to ride through the volatility, have endured reasonably well. It is a market environment just like this that justifies a well balanced, income producing, diversified portfolio strategy that significant mutes the broad market volatility.