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**RE: Investment Outlook for 2010**

With a new year comes new challenges. We may begin to see some 'recovery' signs in 2010 – but there are still powerful signals to suggest that this recession is not over. The bottom line for 2010 - caution.

Here are some of the developments that are positive:

- Manufacturing is on the upswing – more goods are being produced to replace depleted inventories.
- Low interest rates continue for homes, cars, and personal lending.
- More goods and services are being exported – a sign that our economy is strengthening.

At the same time, there are signs that our economy is still struggling and not recovering as quickly as some are predicting:

- The commercial real estate market is worsening with more defaults and foreclosures.
- The same is true for home mortgages – the banks and lenders own more homes than ever before.
- Credit markets have not returned to normal levels.
- Unemployment continues to soar climbing into double-digits.
- Federal spending is exploding and so is the federal deficit. (\$12 trillion as of December 2009)
- The value of the U.S. Dollar – once the most coveted currency in the world – continues to decline.

When it comes to the much discussed 'economic recovery' – where are we? It's difficult to say. We believe that many of the fiscal and economic policies now in place will trigger significant challenges in the months – and that means more uncertainty. And uncertainty is never good for financial markets.

The fact is there's a lot of work to do before things really 'turn around' – contrary to what's being touted by some of the so-called 'financial experts' in the media. The financial problems facing this nation have not been corrected and there is most certainly more bumps in the road ahead.

We're still very concerned about the investment climate in 2010 and will exercise caution. And, we're focusing on key questions. Should we plan for a deflationary or inflationary environment going forward? Are the government actions setting us up for another 'boom-bust' cycle?

At Kapusta Financial Group, we're exploring alternative investments and strategies that will help us manage the risk present in the financial markets and take advantage of both the opportunities and challenges in the months ahead.

We don't have a crystal ball to predict the future. But, we do have the skill and expertise required to provide you with sound and prudent investment advice as we continue to weather this financial storm.

It's a privilege to work with you and, as always, if you have any questions, please don't hesitate to give us a call.

Sincerely,

*George*

George M. Kapusta, CFP  
President, Kapusta Financial Group