

## Economic Recovery to Continue

August 2013

The first half of 2013 brought encouraging economic news and provided indicators that will set the stage for the remainder of the year.

The U.S. economy continues to show important signs of recovery. The economic growth is not occurring as fast as we would like, and there are still segments of the economy that have yet to bounce back, but I am optimistic that we will continue to see a [strengthening and expanding economy](#) for the rest of 2013.

On the global front, [Europe](#) is still grappling with a recession and [China's massive economy](#) is slowing down with officials there now putting a priority on domestic consumption instead of an economy built solely on exports.

Here at home, some very encouraging signs:

- The housing market is finally staging a comeback. While the housing recovery still has a long way to go, [home prices](#) continue to climb, on the upswing for the 16th consecutive month nationwide. And, [mortgage rates](#), while experiencing a slight uptick in recent months, are still at historical lows.
- Consumer spending is on the rebound with consumers feeling more [optimistic](#) about the economy.
- Americans are in better shape [financially](#) now, according to the latest figures. Household net worth is up, consumers are beginning to borrow again, and the share of delinquencies on bank cards is the smallest since 1990.
- The balance sheets for U.S. banks continue to improve, with many experiencing the strongest balance sheets since the Great Depression.
- The [U.S. oil and gas sector](#) is expanding dramatically – experiencing the largest growth in more than two decades. This is a critical factor in lowering our nation's energy costs for years to come.

Make no mistake; there are still significant challenges and potential problems ahead. After comments in May from Federal Reserve Chairman Ben Bernanke about scaling back on the monetary stimulus for our economy, the markets reacted negatively setting off concerns on Wall Street.

But Bernanke has since [adjusted](#) those comments, saying just a few weeks ago, that the Fed has no firm timeline for scaling back its economic stimulus program.

We expect the Fed to continue its bond-buying program and to keep interest rates where they are.

Any cutback in the Fed stimulus program in the remainder of 2013 could spell real problems for our economy. We don't expect that to happen, but continue to monitor developments very closely.

As always, we can't ignore the Middle East and the uncertainty and chaos in Iran, Egypt, and Syria.

We believe the stock market will continue to climb for the remainder of the year, but as we know, the markets are certainly not immune to corrections and fluctuations, which are certain to occur.

While we look forward to an expanding economy and advancing equity markets for the rest of 2013, we remain dedicated to providing you with prudent and a balanced approach to investing in this economic climate.

As always, we continue to monitor your portfolio and remain committed to providing you with the best advice and analysis possible.

Please don't hesitate to contact us with any questions or concerns.

Sincerely,

George M. Kapusta, CFP

President