



**PICKERING FINANCIAL SERVICES, INC**

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## **Naughty or Nice?**

### **Weekly Update – December 12, 2011**

Yet again, investors found themselves watching Europe last week – no surprises there – and were apparently pleased with what they saw. Word of a “new deal” incited a rally in stocks Friday that pushed the Dow Jones industrial average up 187 points, or 1.6%, the S&P 500 up 21 points, or 1.7%, and the Nasdaq up 50 points, or 1.9%.<sup>i</sup> All major domestic indexes finished positive for the week on a wave of optimism.

What is this “new deal” everyone’s talking about? Basically, the 17 nations that use the euro agreed to sign a treaty that allows a central authority to oversee their budgets more closely. The agreement is made up of fiscal rules designed to prevent countries from veering further into crisis mode, and to rescue them if they do. The Friday proposals also commit the countries to put their €500 billion (\$670 billion) European Stability Mechanism bailout fund into action next year, instead of in 2013.<sup>ii</sup>

While Britain chose not to support the plan, the majority of EU members are hailing this as a new beginning. German Chancellor Angela Merkel expressed that Europe has “...achieved a breakthrough to a stability union. A fiscal union, or stability union as I call it, will be developed further, step by step in the years to come.” And French President Nicolas Sarkozy confidently boasted, “We’re doing everything we can to save the euro.”<sup>iii</sup>

Whether this deal will be a new beginning for Europe, or turns out to be little more than political posturing, only time will tell. Either way, we are confident their debt saga is far from over. While tighter fiscal controls are definitely a crucial ingredient in mending this crisis, Friday’s agreement is only a partial solution, and we have seen agreements like this deteriorate before. Until a clear path to fiscal austerity has been established for the region, the markets will keep responding to hype and headlines.

When it comes to investing, rather than reacting to every shred of nice (or naughty) news, we still believe it is better to have a long-term plan and stick to it. We take great pleasure in helping you do just that!

#### **ECONOMIC CALENDAR:**

**Monday** – Treasury Budget

**Tuesday** – Retail Sales, Business Inventories, FOMC Meeting Announcement

**Wednesday** – Import and Export Prices, EIA Petroleum Status Report

**Thursday** – Jobless Claims, Producer Price Index, Empire State Manufacturing

Survey, Industrial Production, Philadelphia Fed Survey  
**Friday – Consumer Price Index**

| Data as of<br>12/09/2011                    | 1-Week | YTD   | 1-Year | 5-Year | 10-Year |
|---|--------|-------|--------|--------|---------|
| Standard &<br>Poor's 500                    | 0.88   | -0.19 | 1.80   | -2.19  | 0.84    |
| Dow   | 1.37   | 5.24  | 7.16   | -0.20  | 2.12    |
| NASDAQ                                      | 0.76   | -0.23 | 1.15   | 1.72   | 3.10    |
| MSCI EAFE                                   | 0.49   | -10.6 | -8.66  | -3.99  | 2.05    |
| 10-year<br>Treasury<br>Note (Yield<br>Only) | 2.04   | N/A   | 3.22   | 4.55   | 5.15    |

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized.  
Sources: Yahoo! Finance, MSCI Barra. Past performance is no guarantee of future results.  
Indices are unmanaged and cannot be invested into directly. N/A means not available.

## HEADLINES:

**Online sales for the holiday season** to date (since November 1 to Friday) totaled \$24.6 billion, a 15% increase over the \$21.4 billion spent during the same period last year, ComScore reported. Last week's spending totaled \$5.9 billion, also a 15% increase over the corresponding period last year.<sup>iv</sup>

**Anti-Wall Street protesters plan to attempt to block major West Coast ports** on Monday. By marching on U.S. ports from California to Alaska, organizers look to call attention to economic inequalities in the country and a financial system they complain is unfairly tilted toward the wealthy.<sup>v</sup>

**Scammers across the nation are targeting the Better Business Bureau.** They're using BBB's good name to try and spread a computer virus. The scam e-mail says the BBB has received a complaint from one of your customers and says, "We encourage you to use our online complaint system to respond." When you click on the link, it reportedly installs a virus. If you receive one of these e-mails, delete it immediately and do not open the link.<sup>vi</sup>

**Developing nations led by China and India** pledged they'd work toward an agreement that would limit their fossil fuel emissions for the first time, the biggest advance in the fight against global warming in 14 years.<sup>vii</sup>

## QUOTE OF THE WEEK:

*"If you always tell the truth you don't have to remember anything." – Mark Twain*

## RECIPE OF THE WEEK:

### Salmon Croustades



*These colorful and tasty appetizer triangles will be perfect for your next party.*

### Ingredients:

24 slices light party rye or 1/2-inch-thick baguette slices  
1 large ripe avocado, halved, seeded  
3 tablespoons capers, drained  
1 tablespoon lemon juice  
4 to 6 ounces thinly sliced smoked salmon (lox-style)  
1 cup loosely packed arugula leaves  
1/2 cup thinly sliced quartered red onion  
Freshly ground pepper

### Directions:

1) Preheat broiler. Arrange bread slices in a single layer on a 17x14-inch ungreased baking sheet. Broil 3 to 4 inches from heat for 1 to 2 minutes per side or until lightly toasted.

2) In a small bowl mash avocado. Stir in capers and lemon juice. Spread avocado mixture on one side of each bread slice (about 1 rounded teaspoon per slice). Layer salmon, arugula, and onion slices over avocado mixture. Sprinkle with pepper. Serve at once. Makes 24 appetizers.

## GOLF TIP OF THE WEEK:

### Don't Get Wristy

One of the easiest ways to ruin your putting game is to move the wrists during your putting stroke. Many golfers move the wrists and don't even realize they are doing it.

A great way to keep your wrist movement in check is to focus on keeping the end of your putter pointed at the center of your body throughout the stroke. This ensures that your shoulders and back move the putter head while keeping your hands passive through the stroke.

**HEALTH TIP OF THE WEEK:**

**Avoid Holiday Fires**

Decorating homes and businesses is a long-standing tradition around the holiday season. Unfortunately, these same decorations may increase your chances of fire. Following a few simple fire safety tips can keep electric lights, candles, and Christmas trees from creating a tragedy. Learn how to prevent a fire and what to do in case a fire starts in your home by checking out these resources from the U.S. Fire Administration. [www.usfa.fema.gov/citizens/focus/holiday.shtm](http://www.usfa.fema.gov/citizens/focus/holiday.shtm)

**GREEN TIP OF THE WEEK:**

**Stop the Junk Mail**

The amount of household garbage in the U.S. increases by about one million tons of trash between Thanksgiving and New Year's, according to the EPA, and much of that is Christmas gift packaging. If you're mailing gifts, use recycled packing materials like newspaper and cardboard. Shiny, metallic, and plastic-coated wrapping paper can't be reused or recycled, but there are lots of wrapping papers and ribbons that are made of 100 percent recycled waste, and gift bags are a great reusable option.<sup>viii</sup>

*Best Regards,*

*Leonard L. Pickering ChFC*

***Share the Wealth of Knowledge!***

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The DJIA was invented by Charles Dow back in 1896.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Google Finance is the source for any reference to the performance of an index between two specific periods.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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<sup>i</sup> <http://www.google.com/finance>

<sup>ii</sup> [http://online.wsj.com/article/SB10001424052970204336104577092173220155512.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB10001424052970204336104577092173220155512.html?mod=googlenews_wsj)

<sup>iii</sup> [http://money.cnn.com/2011/12/09/news/international/european\\_summit\\_debt/index.htm?iid=EL](http://money.cnn.com/2011/12/09/news/international/european_summit_debt/index.htm?iid=EL)

<sup>iv</sup> [http://news.cnet.com/8301-1023\\_3-57341031-93/online-holiday-spending-shows-continued-strength/](http://news.cnet.com/8301-1023_3-57341031-93/online-holiday-spending-shows-continued-strength/)

<sup>v</sup> <http://www.reuters.com/article/2011/12/12/us-protests-ports-idUSTRE7BB00W20111212>

<sup>vi</sup> <http://www.bbb.org/us/article/alert-malicious-complaint-email-claiming-its-from-bbb-30916>

<sup>vii</sup> <http://www.bloomberg.com/news/2011-12-11/china-india-pledge-pollution-cuts-in-biggest-move-on-climate.html>

<sup>viii</sup> [http://greenliving.about.com/od/thegreenfamily/tp/green\\_christmas.htm](http://greenliving.about.com/od/thegreenfamily/tp/green_christmas.htm)