

Investment Forum Program for Wednesday, October 7 at 11:45

Program Note

Next week, October 14, the Forum will host an invited speaker, Scott McCormick, whose topic will be technical analysis. Mr. McCormick is well known to local AAll audiences on the subject.

Perspective: Janet Bodnar, editor of *Kiplinger's Personal Finance* magazine writes the following in the November issue: "One thing that concerns me is that in the interest of protecting themselves by spreading their risk, investors are being urged to diversify into unfamiliar territory—foreign currencies and emerging markets, with China being the prime example. Recently I read advice from a financial adviser who's putting retired clients into managed futures, a complex and risky play on commodities or other financial markets." Her context is "the next financial crisis." She also quotes a prominent mutual fund manager who says "The next bubble is growing before our eyes, and it is U.S. Treasury debt." On the subject of bubbles, two academics have just published a new book on the history of economic bubbles. Their conclusion is that this time is not different.

Strategies: On October 1, *BusinessWeek.com* published an article on the virtues of dividend-paying stocks, both for the short term if the current market rally stalls and for the long term as a growing population of retirees seeks investment income.

Stock Talk: On September 19, *New York Times* financial columnist Floyd Norris wrote an article entitled "On Share Buybacks, Companies Love to Buy High." The first paragraph reads "Corporate America loved its own stock when prices were high. When prices fell, the companies were no longer interested in buying." In the same vein, the S&P *Outlook* carries an article in the September 23 issue entitled "Stock Buybacks Hit Record Low." However, a handful of blue chips continue buybacks; ExxonMobil and Wal-Mart prominent among them. Tangentially related to buybacks are acquisitions as a means of using free cash flow to benefit shareholders. The September 21 issue of *BusinessWeek* magazine carries an article on how skillful various tech companies are when it comes to acquisitions. IBM and Cisco rate highly. Microsoft and Motorola tend to be poor dealmakers. Elsewhere, Abbott Labs receives praise for the financing of its latest foreign acquisition deal. Finally, the CEO of Wal-Mart offers his company's perspective on the retail business and *BusinessWeek.com* offers a rationale for hope we can believe in for Johnson & Johnson while *Barron's* has encouraging words on Coca-Cola.