

## Winters of discontent

### Three to six years before investors recoup portfolio losses, advisers predict

By: Jonathan Burton *assistant personal finance editor* 03.04.09

**SAN FRANCISCO (MarketWatch) -- Investment advisers are split on whether the U.S. economy will emerge from recession this year or next, but most say it will be three years and possibly almost six before battered investors recoup portfolio losses....**

A semiannual Independent Advisor Outlook Study, released Wednesday, shows 44% of independent advisers see the recession ending by year-end, while 41% expect the economic downturn to last into 2010. **But 55% of advisers predict it will take as long as three years for investors' portfolios just to get even again, while 35% believe the journey back could take until the end of 2014.** "Advisers don't have a GPS to guide them, but they have the experience and savvy to see that there are still potholes on the road ahead," said Bernie Clark, senior vice president for Charles Schwab Advisor Services.

#### Realistic optimism

Advisers generally see a grim first half of 2009 for both investors and the economy. Almost seven in 10 expect consumer savings to increase against a backdrop of rising unemployment and lower home prices. Notably, about 80% see energy prices rising by mid-year. Only one in 10 expect the Federal Reserve to raise interest rates before June. **"...Funds are the preferred investment vehicles for 79% of advisers....**Markets like this take you back to basics," Clark said. "I don't think very many people think this is a bounce-back scenario...." ■

## How savers could doom the economy

By [Jon Markman](#) *MSN Money* 03.04.09

Pramod Kadambi wakes up every morning fearing the world has come to an end. He and his wife don't spend money on anything but essentials. **Uh-oh.**

An unshaven, out-of-work survivalist in the backwoods of Georgia? Not at all. He's a young medical professional in California earning more than a million dollars a year. That makes him the Obama administration's worst nightmare: someone who could help revive the nation's economy but instead has shut down his wallet in stark dread.

It's becoming increasingly clear that the economy is poised to sink more deeply into a recession...shockingly less income for authorities to tax. How much less? Maybe as little as half!

Fresh evaluation from Wall Street analysts speaks to recovery efforts depending too much on people acting rationally in a way that fits historical patterns of calmer times. If people instead ramp up their savings rates to a degree not anticipated by the economists' models, then consumer spending will decline at a rate that will crush corporate earnings and, in turn, push stocks even a lot lower tomorrow than they are today.

If the nay sayer's would only open their eyes to the reality of **preferred investment vehicles there would be no "Uh-oh".**