CYPRESS FINANCIAL REVIEW

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July 2010

Cypress Financial Planning, LLC

Mint.com - An Innovative Personal Finance Tool

As our society becomes increasingly reliant on the internet to manage multiple facets of our lives, a powerful, and free, tool has emerged to track personal finances. The Mint.com website is in a class of its own, catering to those in charge of household finances and professionals at the same time. Intuit, the makers of Quicken, operate the website, offering a myriad of services. It has grown in popularity and last year registered 1.5 million users.

How the Site Works

The 2007 start-up offers budgeting, savings, and investing tools through a customer-friendly, easy-to-use interface. It is able to link virtually all credit, bank, and investment accounts, including company retirement plans. Registering for the service is fast and easy, taking only a couple of minutes. Once you create an account, you are immediately prompted to enter your login information to your financial institutions. After the link is established, Mint will automatically "grab" data on transactions and updates from these sites on a real-time basis. For those cautious about information security, the site utilizes the same safety measures and encryption technology as banks, even though you cannot actually move money through this site.

Cash Flow Management

One of Mint.com's main features is the cash flow management portion of the site. It combines all of your bank accounts and credit cards, painting a more complete picture of your actual spending and savings. Among its useful features is the ability to set up categories and track your spending habits. Mint.com allows you to create tags and label your transactions accordingly, setting up a searchable mini-database. The interactive features enable you to manipulate your own data and assemble useful charts and graphs that depict your cash flows. Mint.com makes all of this easily accessible by guiding the user through the various set-up steps. You can create budgets for each category: entertainment, for example, and then follow your transactions as they are updated daily on Mint.com. Additionally, you can compare your own habits to those of others in your residential area, i.e.: others' entertainment spending in Philadelphia, PA. A particularly useful tool is "net income," a clear and quick way to show if you are spending less than you are earning or if you are living above your means.

In this Issue

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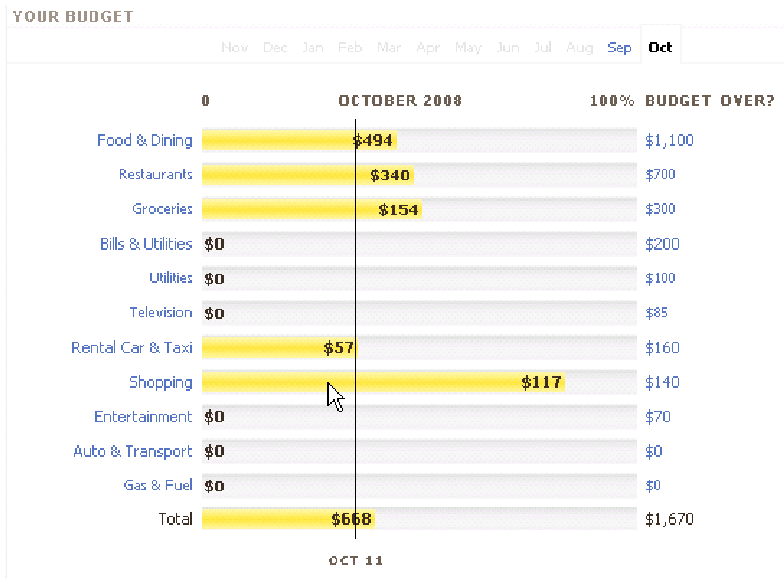
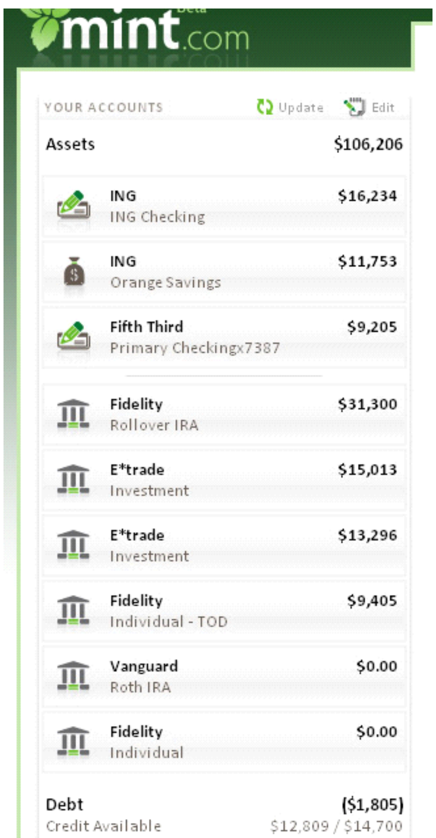


Source: blueliner.com



Source: The Consumerist

Investment Management

The second tool on the site is the ability to track and organize the value and performance of your investments. The most useful aspect of this feature is its ability to aggregate your various accounts to provide a current snapshot of your net worth. This section of the site also has a view for best and worst performers, so you can get a sense for which positions have been driving changes in your account values. The downside to this portion of the site is that it does not capture historical investment activity. It also does not categorize your investments based on asset type, but rather tracks them under broader terms, such as "mutual funds." While the cash flow management tools are more robust than those for investment management, the site continues to evolve and improve.

Disadvantages to the Site

Despite the many benefits the site provides, there are a few setbacks. As Mint.com is free to users, income is generated through sponsoring institutions. These companies appear on the site as "ways to save", possibly by lowering transaction fees or offering a higher interest rate than your current accounts. However, these advertisements are not very obtrusive as you navigate the site. Secondly, although the mechanism to link accounts is being continually improved, there are circumstances where users encounter issues with the account update. Also, some accounts, such as smaller employer retirement plans, are not available to link.

Overall, Mint.com is an accessible organizational tool, allowing you to create and virtually manipulate a more complete picture of your financial situation. If you already participate in online banking, I would recommend exploration of this site as well.

Second Quarter Economic Review

Investors are saying goodbye to a second quarter summarized in one word – volatile. The battle between fear and greed was won by the former as unnerving headlines filled the papers. Job growth has continued to stagnate. Domestic recovery worries coupled with concerns over the health of European governments resulted in very weak global stock market performance.

Second Quarter Market Performance

The Dow Jones Industrial Average closed with a 10% decrease for the quarter at 9,774, having crossed the 10,000 barrier an astonishing 64 times since it first broke back on March 16, 1999. The S&P 500 also posted a new low, decreasing by almost 12% and marking its worst 3-month result since the beginning of 2008. Year-to-date the index is down 7.6%. Fears of a global slowdown drove oil to post significant losses, ending at $75.63 a barrel – a 9.7% decline. As a reaction to seemingly long-term uncertainty, investors are focusing on safer options such as gold and Treasury bonds. Gold increased 11.9% and the yield of the US Treasury 10-year note ended at 2.96%, making treasury bills one of the best performing investments. Most analysts expect insecurity to continue through the next couple of months as the market dynamics make their way to the real economy and the effects of the Eurozone crisis become more apparent.

Uninspiring Economic Data

Domestically, the economic indicators we hoped would continue their dramatic improvement from recession lows have begun to stall. In June, the unemployment rate ticked down to 9.5% from 9.7%. This was not because of robust hiring, as the private sector added a measly 83,000 jobs which did not even reach the 125,000 level needed simply to keep pace with population growth. The drop in unemployment was due to record numbers of job seekers giving up their search. With the expiration of the home buyer tax credit at the end of April, sales of new and existing homes plummeted over 30% in May, putting pressure on housing prices as well as the construction sector. All the fear related to the global economy translated into plummeting consumer confidence – a 20% decrease from April to May. This macro-economic data contributed to the market selloff despite the fact that major US firms were solidly profitable during the first quarter and are expected to be so again when earnings reports are released in the coming days.

Crisis Across the Atlantic

While many attribute the global recession of 2008 to an inflated US housing market, we now seem to be facing a payback of sorts as turmoil in Europe risks dragging the world back into a double-dip recession. Since December, Greece has suffered increasing instability, struggling to manage an ever-growing deficit. Fitch, followed by Standard and Poor's, began downgrading Greece's long-term risk rating to BBB-, reaching junk status in April. That month, Germany reluctantly backed a joint EU-IMF €115 billion bailout of the Eurozone's poorest member. The reaction, however, seemed to come too late as insecurity spread to Spain and Portugal. Greece, closely followed by Ireland, Spain, Portugal, Italy, the United Kingdom, Germany and France, instituted broad austerity measures aimed at curbing debt and deficits. As a result, the Euro has dropped 15% in value to the US dollar, benefiting export growth for stronger economies, but foreboding trouble for weaker nations since they have weaker exports. The European Central Bank left the interest rate at 1% in June and projects growth of 0.7% to 1.3% for this year and between 0.2% and 2% for 2011. Greece announced some positive data: it decreased its deficit for the first five months of the year by 38.8%, surpassing the planned goal of 35.1%. Its bonds, however, remain at junk status and the country anticipates a bumpy road to recovery once austerity measures kick in.

Ongoing Devastation in the Gulf

The other major economic headline of the quarter was the devastating BP oil spill that continues to flow in the Gulf of Mexico. President Obama convinced BP executives to set up a $20 billion claims fund, which has already started to disburse compensation payments to business owners hurt by the disaster. BP shares continue to plummet, reaching new lows. The company has lost more than half of its value, about $100 billion, since April 20. Along with the creation of a claims fund, it will not pay dividends for the rest of the year. So far, BP's costs are estimated to have reached $3.12 billion. It is estimated that Louisiana fishing industry could suffer close to $2.5 billion in losses, while Florida could see a decrease of $3 billion in tourism income.

Source:

NowPublic

Cautiously Optimistic Forecast for the Road Ahead

The Federal Reserve offered a temperate forecast, expecting modest growth but continuing gradual recovery. It anticipates restricted household spending due to high unemployment, while economic growth would be at a 3.5% annual rate for the rest of the year. Job growth is a particularly key factor in driving economic growth, but most economists estimate that the unemployment rate will remain between 8% and 9% through 2011. Economists consider that the economy's biggest threat for recovery comes from abroad – a majority of the experts fear that the debt crisis in Greece, which has already shaken the Eurozone, will have negative effects in the United States. As a result, most anticipate that the Fed will keep its interest rate low through February 2011.