

Advisor Confidence Index Rises Again in January

Advisors are more optimistic as the economy shows signs of improvement

January 25, 2010...Rockville, MD... In January, advisor confidence in the economy and the stock market continued to increase, according to Rydex|SGI AdvisorBenchmarking. The Advisor Confidence Index (ACI)—a benchmark that gauges advisor views on the U.S. economy and stock market—was 109.68 in January, up nearly 3% from 106.67 in December. This is a marked (nearly 27%) improvement from where the index stood a year ago, when advisors had a firmly negative stance on both the market and economic outlooks.

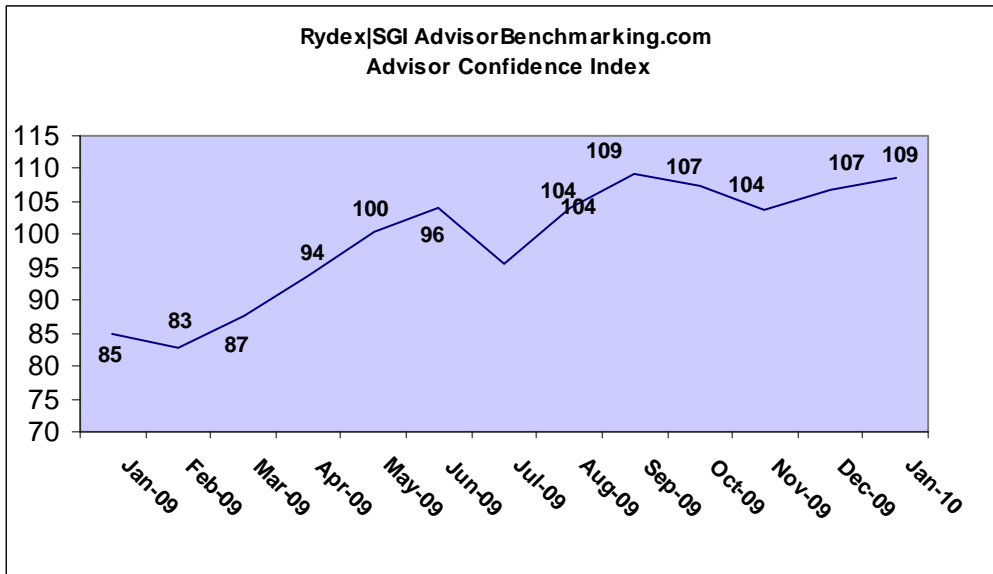
Economic and stock market outlook continues to improve

The Advisor Confidence Index, which had bounced back in December, continued to advance in January, as the U.S. economy showed signs of improvement. “This is the strongest economic recovery since the early 80s, so it is no surprise to see the stock market doing so well,” said Bill Ramsay, Financial Symmetry, Inc. However, concerns remain over economic issues such as employment and budget deficits.



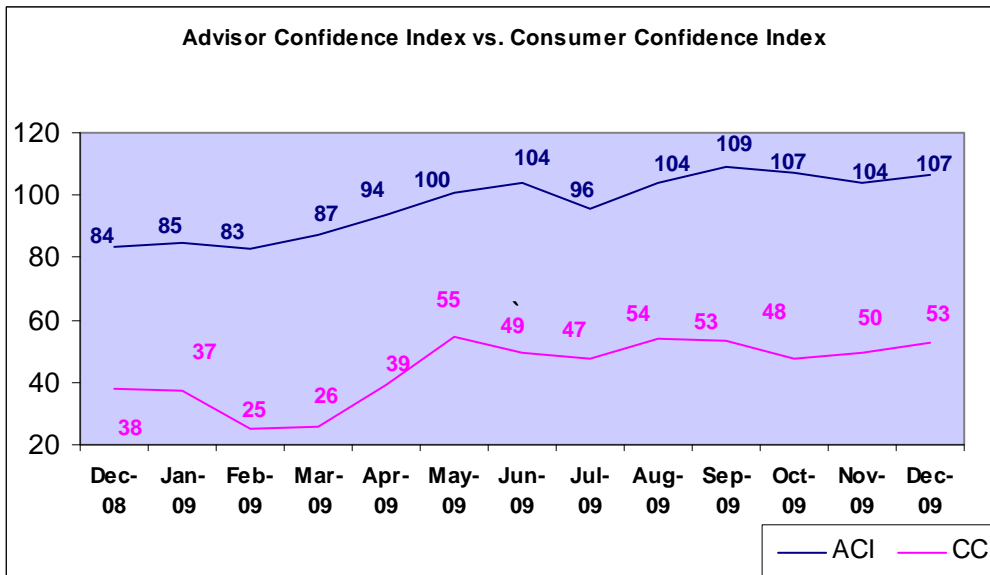
Three of the four measures in the ACI increased in January, with the most optimistic forecasts centering on the current economic outlook. A closer look at the components reveals the following:

Current economic outlook	+7.41%
Six-month economic outlook	-5.18%
12-month economic outlook	+2.82%
Stock market outlook	+6.65%



Advisor vs. consumer confidence

The Conference Board Consumer Confidence Index®, which had increased in November, rose again in December. The index now stands at 52.9 (1985=100), up from 50.6 in November.



Notable comments from participating advisors

Most of the advisors who participated in the survey elected to have their names made available to reporters who would like to interview them about their economic sentiments. AdvisorBenchmarking can facilitate such interviews for reporters.

“This is the strongest economic recovery since the early 80s, so it is no surprise to see the stock market doing so well. Many people think that the big question for 2010 is whether we will get a successful hand-off from government stimulus to private sector demand. This could lead to a surprising rise in interest rates if the hand-off is more successful than expected.”

-- Bill Ramsay, Financial Symmetry Inc.

“Look for the overall U.S. economy to limp along at best through the first half of 2010, while the world economy may fare a little better with the emerging market countries leading the way. The lack of job growth in the United States will keep any recovery muted due to continued subdued consumer spending. However, consolidation within various industry sectors may prove to keep the equity markets in positive territory, especially with no movement upward for interest rates for the foreseeable future. Keep your eye on fuel costs going forward, as any upward spikes would be felt very quickly. The other unknown is the depth to which spending cuts by state and local governments could also put significant drag on the economy. Most states that received stimulus money actually used those funds to plug holes in their current budgets and not for new spending. With those funds largely expended, the 2011 budgets could see significant retraction.”

-- George Cheatham, American Financial Consultants Inc.

“Long-term structural problems remain, which span from poor economic fundamentals in developed nations to elevated valuations in most risk assets. However, risk appetite appears in a sustained upswing and likely will persist for a while. Due to poor fundamentals, we remain selective in allocation to risk assets, with agricultural commodities remaining one of the few market segments offering compelling value, in our opinion.”

-- James Dailey, TEAM Financial Managers

“As the markets and economy continue to improve, some issues such as unemployment, housing, federal debt and the weak dollar are a dark cloud hovering overhead.”

-- Jim Elder, ElderAdo Financial

“Poor economic policy will catch up with us. The liquidity-driven rally does not inspire confidence. These are challenging times for prudent advisors.”

-- Richard Coe, Coe Financial Services

“The markets have moved too far based upon government spending. A lack of employment growth will complicate the move from government money to consumer money funding growth.”

-- Peter Wheeler, Wheeler/Frost Associates

“The market is moving based on technicals and sentiment, not fundamentals.”

-- Seth Meisler, Affiance Financial LLC

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