John Dessauer Investments, Inc.

John Dessauer's Outlook

February 2013

2013….Likely to be Better than Most Expect

First: Stock prices are up. Money is flowing back into stocks. Should we sell?

In January a total of $34.2 billion flowed into stock mutual funds and ETFs. While not a monthly record, that was double the inflow a year before and the largest monthly inflow since 1996. The number is all the more dramatic when compared with November 2012's inflow of $1.8 billion. Apparently the tax deal that resolved the fiscal cliff is very significant in the minds of individual investors. They are right. Uncertainty is a roadblock to job creation and economic growth. The fiscal cliff deal did not resolve all of the economic uncertainties facing businesses and consumers, but it did eliminate a lot of tax uncertainty. The AMT (Alternative Minimum Tax) is finally indexed to inflation and this time that is permanent. You may not like the tax rate deal that was struck, but at least we now know what our income taxes are going to be and this time the new rates are permanent. The tax dealing is not quite over. There are serious discussions about U.S. corporate profits earned in foreign countries and the overall U.S. corporate tax rate.

Every member of the House of Representatives and a third of our Senators come up for election in 2014. The number one issue for them is the economy, specifically jobs. The U.S. is adding jobs at a better rate - 157,000 in January - and the numbers for November and December were revised upwards. However, the unemployment rate is at 7.9%, too high for the comfort of politicians up for election in less than two years. Fixing the U.S. corporate tax issues would mean cash flowing back to create jobs here at home. Look for a corporate tax deal in the next few months.

Even though economic fundamentals are improving, the surge in stock prices in January - the Dow closed over 14,000 - does raise the question of risk. Major stock market indices are now about 120% from their March 2009 lows. Some sort of pull back or correction seems inevitable. However, it will be modest, just enough to give investors who are still sitting on too much cash an opportunity to buy.

Stocks are up, but nowhere near enough to precipitate a major, long-lasting decline. After more than doubling from its 2009 low, the Standard & Poor's 500 stock index is still 2% below the level of March 2000. Over the last thirteen years, earnings for the S&P 500 have more than doubled. Yes, stocks, especially technology stocks, were overvalued in March 2000, but the rise in earnings over the last thirteen years and the drop in P/E from 28 to 15 have significantly reduced the risk in stocks. The bottom line is that the January stock surge has not pushed stock prices so high that we need to worry. Buy and hold has been the best strategy since March 2009. It will remain the best strategy until the hundreds of billions that went out of stocks over the last four years have come back.

Not only are stock valuations reasonable, the underlying fundamentals are improving.

THE GLOBAL ECONOMY IS GROWING

The IMF (International Monetary Fund) has tweaked its estimate for global growth in 2013. Their current forecast is for 3.5% growth. I expect they will tweak their estimate again in three months. Next time I expect them to raise their estimate to 3.7%. By year end the global economy could be growing at a rate close to 4%. One reason is China. In January, China's manufacturing grew at the fastest rate in two years. China's economy is now growing at a 7.4% annual rate. That is expected to rise to 8.4% in coming months. A second reason is the United States. The report of a mild setback for the U.S. economy in the fourth quarter was misleading. The consumer core of the U.S. economy showed real strength in the final quarter of 2012. Super storm Sandy and uncertainty about the fiscal cliff were real drags on the U.S. economy in the final three months of last year. Remarkably, strength in other sectors, especially the consumer, kept the economy from sliding more than the 0.1% rate reported. A third reason is Europe. The euro central bank is following in the footsteps of Ben Bernanke and our Federal Reserve. The result has been a rise in the euro, a decline in interest rates on

government debt in Italy and Spain and a marked improvement in overall confidence in the euro region.

Pessimists do not give up easily.

Our Federal Reserve is a favorite target for the pessimists. They see the unprecedented rise in Fed assts to more than $3 trillion as a threat to the economy, to stocks and to bonds. Now that the euro central bank has begun an unlimited bond buying program, I assume it to will become a target.

The pessimists are completely wrong. In fact the bold actions by Ben Bernanke and his team have prevented a depression and set the economy on a recovery course. As our political leaders resolve fiscal uncertainties we will see the economy gain strength, thanks to the Fed having established a solid foundation for growth.

The dollar-inflation myth.

Our Federal Reserve is being accused of deliberately driving the dollar down. In fact over the last six months the U.S. dollar is down about 10% versus a basket of currencies. However, that is result of classic currency market activity. In the 1970s, Citibank transferred me to Switzerland. There I was taught the basics about currencies. Currency markets are all about confidence, inflation and interest rates. Inflation is not a major issue among the developed economies, that means confidence and interest rates are the drivers of current exchange rates. Until six months ago, confidence was the number one issue driving the exchange rate for the euro. High interest rates on euros did not attract capital because of fear the euro might fly apart. That changed when the euro central bank president, Mario Draghi, said he would do whatever it takes to preserve the euro. Confidence returned to the euro, making interest rates the prime driver of exchange rates. Higher interest rates on euros became attractive. The euro climbed and the dollar went down. Interest rates are very low on U.S. dollars. That is the reason the dollar is down.

The Federal Reserve has two goals, price stability and low unemployment. The dollar's exchange rate only becomes an issue for the Fed if it threatens price stability. That is not the case today. The Fed is pursuing a low interest rate policy not to drive the dollar down, but to help

job creation. Fed Chairman Bernanke has made that very clear. He says interest rates will stay low until unemployment falls to 6.5%.

The lower dollar does give American businesses an advantage. Made in America becomes cheaper for foreign buyers. That encourages exports while discouraging imports. The lower dollar also makes real estate in America look cheap by comparison. Major real estate markets including New York and Miami are benefiting from a significant increase in foreign buying.

Contrary to popular notions the Fed is set on a course that will make the dollar stronger. Policies that reduce unemployment make the economy stronger. In turn that will mean higher interest rates and a stronger dollar.

The most popular myth is that by buying $3 trillion worth of bonds the Fed has set the stage for an inevitable bout of higher inflation. That is nonsense. The Fed is well equipped with effective tools to stifle inflation if it becomes an issue.

There is a lot of media coverage and popular talk about how the Fed's balance sheet is swollen with $3 trillion worth of government securities and Mortgage Backed Securities (MBS.) I am amazed that the words "balance sheet" are so often used and then followed by a one sided analysis. There are two parts to a balance sheet, assets and liabilities. Yes the Fed has increased its assets to a $3 trillion level and is adding $85 billion a month. The Fed acquires these assets by creating electronic deposits at American banks. The logical, but hardly ever asked question is: what happens to these deposits? The answer is that a whole lot come right back to the Fed as bank reserves. The Fed has actually encouraged that by inaugurating the payment of interest on bank reserves held at the Fed. The interest rate isn't much, 0.25% per year, but in this low interest rate environment that is attractive to banks especially since the deposits at the Fed are risk free.

Ignored by the media and most market pundits is the fact that bank reserves have also exploded, to $1.6 trillion at the end of last year, probably $1.7 trillion by now. Subtract the Fed's liabilities (those bank reserve deposits) from the Fed's swollen assets and the net effect on the U.S. economy has been added liquidity of about $1.3-$1.4 trillion, less than 10% of our $15 trillion GDP, hardly enough to raise an inflation specter.

Suppose for some reason, any reason, inflation rises to a level that worries the Fed and the markets. The Fed does not have to sell the bonds it has purchased. That is the classic way for a central bank to reverse course. However, there are other tools including one that has proven to be effective, raising bank reserve requirements. Over the last year or so China raised bank reserve requirements to stop a developing real estate credit bubble. That strategy worked, inflation came down and growth recovered. Our Federal Reserve has the power to tell banks how much they have to deposit with the Fed as reserves. Raising the reserve requirement would quickly reduce available liquidity and prevent an inflationary credit bubble from developing.

Inflation is a fundamental risk. It will always be so as long as the world is on a paper money system. That does not mean inflation will inevitably rise every time a central bank increases the assets on its balance sheet. For now and the next year or two the greatest challenge for central banks and governments is to increase real economic growth. They can set aside inflation worries until sustainable real economic growth reaches 4%-5%. By the time that happens we will have significant gains in our stock oriented portfolios.

One more thing about our Fed.

The Fed, like other banks, makes a profit when the income from its assets exceeds the cost of its liabilities. Last year the Fed's profits rose to $89 billion, almost 9% of the federal government deficit. With the assets continuing to grow the Fed's profits this year will likely be even greater. What does the Fed do with its profits? By law the Fed hands the profits over to the Treasury. Wow! When you know that, the deficit suddenly looks a bit smaller. All the angst about destructive deficits fades a bit. Economics is a very complicated subject. Politicians, the media and some market pundits, to our detriment, profit by over simplifying issues like the U.S. federal deficit.

The United States is not in danger of becoming another Greece, or Spain, or Italy, or Portugal, or even Ireland. We remain the strongest economy on earth with all the resources we need to increase real economic growth, reduce the federal deficit and defuse the national debt issue.

NEWS AND VIEWS ON OUR COMPANIES

AT&T, NYSE, T, $34.02, is a cash machine. In 2012 the company generated $19.5 billion in cash, $4.3 billion in the fourth quarter alone. The cash is being used to upgrade the network, pay dividends and buy back shares. The share buyback is significant, 371 million or 6% of outstanding shares were bought back last year. The 600 million share buyback is expected to be completed by the middle of this year. The buyback has two benefits; it increases per share earnings and reduces the cash needed to pay dividends.

The $0.44 per share reported for the fourth quarter was a penny shy of expectations and boosted a penny by share buy backs. For all of 2012 AT&T earned $2.34 a share. At $34 the stock is trading at 14.5 times trailing earnings. Management expects revenues to grow by 2% this year. Earnings per share are expected to grow in the "upper single digits or higher." Combine earnings per share growth with the 5.3% dividend yield and AT&T is a buy.

General Electric, NYSE, GE, $22.04 is one of the companies that reported growth in sales and earnings that were better than analysts expected. Earnings per share were $0.44, up 13% from a year ago and a penny better than analysts expected. For all of 2012, GE earned $1.45 a share and finished the year with $15.6 billion in cash. GE Capital is being downsized, and the industrial operations are enjoying solid growth. Management has a goal of further reducing the number of shares outstanding. The dividend is $0.76 a share, for a current yield of 3.4% I expect the dividend to be increased. For this year Standard & Poor's has an earnings forecast of $1.65 a share, Argus Research estimates $1.75 a share. The stock - at 13 times the lower S&P estimate - is undervalued. If the U.S. and global economies gain strength in the second half, as many economists expect, actual results will likely be closer to the higher Argus estimate. I rate GE a buy, with a twelve month stock price target of $26.

Halliburton, NYSE, HAL, $39.72, reported fourth quarter revenues and earnings that beat Wall Street expectations. Overall, revenues rose 3%, but revenue from the Middle East was up 14% and revenue from Africa was up 8%. International operations showed strength that more than offset the weakness due to the North American natural gas glut. Adjusted earnings per share were $0.67, comfortably above the $0.61 analysts expected. Argus rates the stock a buy, with a$43 stock price target. Morningstar thinks a better target is $50. I agree with Morningstar. Current 2013 estimates range

from $3.05 to $3.20 a share. The North American natural gas drilling boom is over, but international growth is picking up. Halliburton has expertise in hydraulic fracturing. America's success using that technology is attracting other countries that would also like to reduce their dependence on imported energy. At 12.5 times 2013 earnings estimates Halliburton is undervalued. My advice is to buy Halliburton below $40.

Intel, NASDAQ, INTC, $21.25 beat expectations, but the stock went down. Analysts were not impressed with the $0.48 per share reported, even though that was $0.03 better than expected, because the increase was partly due to a lower tax rate. In addition, analysts are concerned about an increase in capital spending for 2013. Intel plans on spending $13 billion in capital improvements this year, about $2 billion more than last year. In 2012 Intel generated $18.9 billion in cash, spent $4.4 billion on dividends to shareholders and used $4.8 billion to buy back 191 million shares of stock. Analysts are concerned that the increase in capital spending will reduce or eliminate the stock buyback program. These are understandable short term concerns, but do not detract from Intel's long term appeal. Earnings are currently down from year ago results and will like be down again in the current quarter. Skeptics say the earnings drop is due to the slow death of the PC, where Intel has a dominant 80% market share. No doubt there is some cannibalization of PC sales by tablets, but the global economic slowdown is also an important factor. There are lots of things that PCs provide that are not found on tablets. Screen size is one. Storage and software compatibility are two more. I was recently on the Crystal Serenity for a short Caribbean cruise. I was impressed by the new PCs in the computer room. The manager said Crystal bought 50 new PCs for each ship. They run on Windows 7, are easy to use, have large, brilliant screens, wireless keyboards and are very fast. I am sure there are thousands of businesses that will want to do similar purchases. I recently upgraded my laptop. My new computer is lighter and faster, even when using the internet while at sea. Morningstar has it right when they say about Intel: "In the PC processor segment, the PC is facing some cannibalization from tablets, but we believe that some of the pressures have also been economic in nature."

To assure future growth Intel has taken several initiatives. For example, the server market is now a source of solid growth, and Intel has developed innovative products for the mobile market. There are new products ready for release, including Ultrabooks with touch sensitive screens. Samsung is taking market share from Apple in smartphones. The

competition between the two has intensified. This could push Apple away from Samsung and to Intel as a chip supplier.

Earnings were down last year and most analysts expect earnings to fall again this year, although growth should return in the second half. Estimates for this year range from $2.01 to $2.03 a share. In the past, a temporary fall in earnings used to mean a temporary rise in the P/E. Because of widespread concerns about the death of the PC, analysts have not treated Intel so kindly. The stock is trading at just over 10 times the current 2013 estimates. Argus Research has a stock price target of $25. I think that is conservative. Another way of evaluating a stock is to look at the earnings yield. Using the 2013 earnings forecasts indicates an earnings yield of 9.6% for Intel. By comparison the earnings yield on the S&P 500 is 7.5%. Intel would have to rise to $27 for the earnings yield to match the S&P 500. In addition to being undervalued, Intel provides a 4.2% dividend yield while we wait for a new sales and earnings growth cycle to begin. I rate Intel a Buy. My twelve month stock price target is $30.

Johnson & Johnson, NYSE, JNJ, $73.92, reported a solid fourth quarter with earnings of $0.91 a share, bringing the 2012 total to $5.10. A year ago the fourth quarter earnings were $0.08 a share as Johnson & Johnson was mopping up from a string of product recalls. That is now in the past and the company is once again showing revenue and earnings growth. The new problem facing Johnson & Johnson is what to do with the $12.5 billion in free cash flow. CEOI Gorsky talks about the possibility of selling or spinning off the Ortho Clinical Diagnostics business. One thing seems certain; the current annual dividend of $2.44 a share will be raised.

Management says earnings this year will be between $5.35 and $5.45 a share. Both Standard & Poor's and Argus Research estimate 2013 earnings at the high end or $5.45 a share. The stock at 13.6 times 2013 estimates is not over valued. Solid long term growth prospects plus rising dividends make Johnson & Johnson attractive. Johnson & Johnson is a buy.

Microsoft, NASDAQ, MSFT, $27.88, reported second fiscal quarter earnings than confused a few analysts. On a GAAP basis earnings per share fell from $0.78 last year to $0.76 this year. However, there was an accounting item last year due to pre launch sales of Windows. Taking that into account, earnings actually were $0.81 a share. That beat analysts' expectations of $0.75 a share. Revenues at $22 billion were better than the

$21.53 billion analysts forecasted. There are significant chunks of Microsoft's business that are growing nicely. Online services grew revenues by 11%, Windows and Windows Live revenue grew 11%, and Bing increased its search engine market share to 16.3% from 15.1% last year. Wall Street research firms are split on Microsoft's stock. Argus Research says hold. Standard & Poor's research says buy, with a $35 stock price target. Standard & Poor's has a 2013 full fiscal year earnings estimate of $2.88. S&P is being conservative by assigning a 12 P/E to this year's earnings. Microsoft is a global powerhouse, generating an enormous amount of cash. The current dividend at $0.92 a share provides a yield of 3.3%. I regard Microsoft as a low risk investment with the potential of delivering pleasant upside surprises. My advice is to buy Microsoft below $30.

Nokia, NYSE, NOK, $4.20, is turning the corner. For the first time in seven quarters Nokia reported a profit. In addition, Nokia has suspended the dividend. I regard that as an essential move. Dividends are a function of profits. Frankly, I have been surprised that the dividend cut did not come sooner. The profit came from both stronger phone sales and cost cutting. The stock has come up from its lows as fear of a bankruptcy due to an unsustainable cash drain has given way to confidence in management and modest optimism that Nokia might make a comeback. Nokia's new products have some remarkable features, speed on the 4-G LTE networks and an incredible 48 megapixel camera. While I am pleased to see tangible progress at Nokia, I am not ready to buy more. Nokia is still a hold.

Novartis, NYSE, NVS, $67.00, gained strength after management warned about a profit decline this year due to generic drug competition and then added the following: "Next growth phase expected to begin in 2013, resulting in 2014 and 2015 expected reported sales growth of at least mi-single digits, with core operating income growing ahead of sales." Translation: starting later this year and continuing for at least two years Novartis expects double digit profit growth.

For 2012 Novartis reported fourth quarter earnings of $1.27 a share. Full year results were $5.25 a share. The full year results were down 6% from 2011, but the fourth quarter was 3% better than a year ago. For this year Standard & Poor's has a $5.50 estimate. That is consistent with management's outlook. Looking ahead to 2014, earnings are likely to jump to more than $6.00 a share. As far as the longer run is concerned CEO Jimenez has this to say: "Our pipeline is expected to deliver a record number

of near-term approvals and filings, and with our strong global commercial capacity we anticipate 14 products to reach blockbuster status by 2017, up from 8 in 2012."

This year patent expirations will wind down, making room for new growth as new patents take effect. Novartis pays a dividend of $2.11 a share for a current yield of 3.1%. The long term average P/E is 14.5, indicating a stock price of $76, based on 2012 full year results. Novartis is a buy.

Pfizer, NYSE, PFE, $27.48; reported fourth quarter earnings comfortably ahead of analyst' expectations. Earnings per share were $0.47, excluding a gain from the sale of the nutrition business. That was $0.03 better than the average analysts' expectation. On the last day of January Pfizer sold 20% of Zoetis, its animal health division. The IPO raised $2.2 billion in cash for Pfizer. The stock (ZTS on the NYSE) jumped up 18% after the offering increasing the value of Pfizer's remaining 80%. For all of 2012 Pfizer earned $2.19 a share. For this year management says earnings will be between $2.20 and $2.30 a share. Argus Research rates the stock a buy with a$28 stock price target. Standard & Poor's also says buy, and has a $29 stock price target. Both stock price targets seem conservative. They assign a modest 12 P/E to the stock. Pfizer is fast becoming a slimmer, more focused company. The pipeline of new products looks exciting. The dividend at $0.96 a share provides a current yield of 3.5%. Over the coming twelve months I think Pfizer can reach $35. Pfizer is a buy.

Philips Electronics, NYSE, PHG, $30.05, is making dramatic changes in its business model. After unveiling the compact cassette for music 50 years ago, Philips has agreed to sell its audio and video unit to Funai Electric Co. in Japan for 150 million euros ($195 million). Philips will now focus on businesses with better profit margins including health care and energy efficient lighting. Philips also delivered better than expected results for the fourth quarter and all of 2012. There are all sorts of accounting items in the report. The best way to evaluate the current situation is to look at free cash flow. Free cash flow in the fourth quarter was 899 million euros ($1,688 million). For all of 2012, Philips generated 1,723 million euros in free cash flow; that comes to roughly $2.40 a share. The stock a 12.5 times free cash flow is undervalued. There will likely be a double digit gain in free cash flow in 2013. Morningstar currently has a $35 fair value price on Philips. That will likely be raised. The board has declared an annual dividend of 0.75 euro ($0.98) a share. Philips is a buy.

SEI Investments, NASDAQ, SEIC, $26.96, reported a 28% increase in fourth quarter earnings. Earnings per share in the final quarter of last year were $0.32 versus $0.25 in the 2011 final quarter. For all of 2012 SEI earned $1.18 a share, up 6% from 2011. Revenues were up 16% in final quarter of 2012. The surge to double digit revenue growth is impressive. It is thanks to strong financial markets, new customer acquisition and SEI's global products. The huge jump in earnings per share is due to share buy backs and solid cost controls. SEI bought back 1.9 million shares in the fourth quarter. The stock was strong prior to the earnings release. It has gained further strength since the release. SEI is a remarkable company. Returns on invested capital have averaged 30% a year over the last five years. Now, the final quarter of 2012 has signaled the start of another revenue and earnings growth cycle for SEI. The average 2013 earnings estimate is $1.44. The long term average P/E is 20, indicating a stock price of $29. I expect the stock to remain strong, rising above $30 this year. Stocks seldom proceed in straight lines. I would buy SEI on dips below $25.

Texas Instruments, NYSE, TXN, $32.80, reported fourth quarter adjusted earnings per share of $0.08, a penny better than expected. Revenue, while down 13% from last year, at $2.98 billion was better than the $2.95 billion analysts expected. For all of 2012 Texas Instruments earned $1.51 a share on $12.83 billion in revenue. The bad news is that final demand for Texas Instruments' products remains weak. The good news is that customer inventories are lean. Texas Instruments is well positioned for future growth from a product offering perspective. Lean customer inventories mean Texas Instruments will benefit almost immediately from any improvement in global economic growth. With the Chinese economy picking up steam, the near term for Texas Instruments will likely be better than analysts now expect. Standard & Poor's has a $1.55 per share earnings estimate for this year. At the current price the P/E is over 20, on the high side. The dividend yield at the current stock price provides a reasonable 2.6% annual yield. Over the next two years, as global growth improves, Texas Instruments has the potential of earning $3.00 a share, which would support a stock price of $45. Buy Texas Instruments below $30 and you will minimize risk and be positioned for a 50% gain over two years.

Vanguard Emerging Markets Fund, NYSE, VWO, $44.56, is making a major change. The Fund is changing the basis for its indexing. Until now, the fund has been using an MSCI benchmark. It is shifting to

another index designed by the FTSE group. The reason is that the FTSE is more in line with emerging markets. The FTSE regards Korea as a developed, not an emerging economy. Korea, on the other hand, is included in the MSCI emerging markets index. What this means for the fund is a temporary increase in transactions and transaction costs. The Vanguard Fund will be selling its Korean stocks and reallocating the cash among the stocks in the FTSE index. The transition will take place over 25 weeks. Management says the transaction costs will not impair the net asset value to any significant degree. However, the share price could be volatile until the transition is complete. The change makes this fund even more attractive. The Vanguard Emerging Markets Fund is a buy.

CLOSING THOUGHTS

What could provide surprising fundamental support for higher stock prices? One answer is a burst in corporate capital spending. Corporations are sitting on trillions of dollars in cash. The pressure is building for them to spend at least some of it on technology and other capital improvements.

Last month I listened to a teleconference by experts at BNY Mellon Wealth Management. During the conference Irene O'Neill, Director of Large Cap U.S. equities, made a forecast I found intriguing. She said we should expect a burst in capital spending by large cap U.S. companies this year. She explained that capital spending could be put off only so long. Companies need to stay competitive and take advantage of new technologies.

Ten days later I was on the Crystal Serenity for a twelve day Caribbean cruise. I have been on that ship many times. During the first day at sea I went to the computer room to see what courses they were offering. I was startled to see a lineup of brand new workstations. The computer instructor told me that Crystal had just purchased fifty new workstations for each ship. The new PCs are terrific, made by Apple, but running on Windows 7, they have large, high-resolution screens, wireless keyboards and a wireless mouse. Crystal felt the pressure to keep their computer offerings as attractive as possible for their passengers.

I connected the dots; Irene O'Neill's burst of capital spending forecast and Crystal Cruise's computer upgrade. I asked myself, how many other companies will also want to upgrade their workstations? Having seen Crystal's new computers, my guess is that there will be many thousands of workstations upgraded by companies this year.

After returning from the cruise I read Intel's fourth quarter report. Some analysts were disturbed that Intel is planning to increase capital spending by about $2 billion this year. The analysts worry that increasing capacity might not en a good idea while the U.S. and global economies are in a slow growth mode. Intel says the improvements are needed to advance their new technologies. I connected the Intel plan with the BNY Mellon forecast and my experience on the cruise. Intel looks like one more dot to be connected the growing support for Irene O'Neill's forecast.

Towards the end of January Bloomberg published an article titled, "Tech Spending Rebounds as Global Slowdown Fears Abate." The article included a forecast by Gartner, Inc. a leading industry research firm. Gartner says worldwide spending on technology will increase 4.2% to $3.7 trillion this year. Rich Kugele, an analyst at Needham & Co. says Gartner's broad measure may actually underestimate spending. He thinks spending on technology could rise 5% this year. Echoing Irene O'Neill, he said: "there's a limit to how long companies can hold back spending on technology.."

A burst in capital spending would do more than provide tech companies with additional sales and profits. It would mean more jobs, higher paying job and would provide support for the entire economy from housing to consumer spending. Irene O'Neill's advice is to buy and hold stocks in large cap companies. I agree. This year could mean bigger gains in our portfolios than we now expect.

Next weekly hotline: Wednesday February 13, 2012

All the best,

John Dessauer

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