

# Leigh Baldwin & Co.

## *Investment Brokerage*

### Stormy Weather

In a stroke of marketing genius, the Weather Channel began this year to name winter storms, in a similar fashion to what the National Hurricane Center has long been known for. As the final vestiges of the winter of 2012-2013 hang with us into spring, the storm names of Saturn, Athena, Brutus, Caesar, Nemo, Gandolf, and who can forget Khan, will eventually fade into history. But it is good business for the Weather Channel, very good business as they can boast of 163 million unique visitors to their website, weather.com. Making a snowstorm into a drama is what they do best.

Speaking of drama, the markets were dramatically higher during the first quarter of 2013, as the major averages each gained from 8% (NASDAQ) to 11% (S&P 500) and so on. The gains were the best for the first quarter since 1987 and Wall Street applauded. It reminds us that as in the case of winter storms, sometimes you have to ignore the headlines and the name calling, and not let the hype of the media companies paralyze you with fear. We have dealt with the endless warnings of “the fiscal cliff”, “debt ceilings”, and now the “sequester” that is griping the nation. This market fear mongering has kept many people on the sidelines and helped the ratings for the financial shows and websites that continue to promote it. Our belief is that there will always be issues surrounding an economy like ours, which is still by far the largest and most influential in the world. This is a given. As investors, we cannot let the headlines totally distract us from finding good ideas and putting our money to work for the long-haul. Are we due for a pull-back? Of course we are. Will it be the end of the world, the odds say no. Investors need to manage risk, but they also need to manage their own fears and the manipulation of our psychology. Where do we go from here?

Certainly impacted by the Fed’s global monetary easing, stocks are attracting much interest and investment. The cycle of money moving to bond funds and out of equities appears to be broken. Earnings are solid, albeit at the expense of higher valuations. With interest rates near zero percent and foreign headlines like Cyprus, et al, money is flowing to the US stock markets where it is being treated the best. This trend is major, even with the aforementioned pull-back(s). We believe a significant portion of capital still needs to be allocated to stocks, here in the US and around the world. It is OK to take profits for example, when a stock you bought for its dividends goes up at a growth stock pace. Take a profit. But in general, we may still be in a very good phase of a well-deserved bull market after the past twelve years, which has included two recessions and two stock market crashes. The headlines attract viewers but it is up to you and I to shovel the snow so to speak, or better yet, profit from the reality we face. Thank you as always for your continued confidence and we appreciate your business. Please contact us for a personal meeting at anytime and enjoy the spring, we deserve it!

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