

Recession is Here!

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The Economic Cycle Research Institute (ECRI), a very respected economic forecasting group, has announced that we definitely are in a recession. The last time ECRI made such an announcement was in 2001. ECRI expects the recession to be brief and mild, considering the stimulus package that Congress has already passed.

This \$150 billion stimulus plan will include tax rebates for individuals and families as well as incentives for business investment. Individuals could get rebates of up to \$600 and married couples could get up to \$1,200, plus \$300 per child. Individuals with annual incomes above \$75,000 in adjusted gross income or married couples making \$150,000 in AGI would get less depending how high their incomes are above those limits. Also, the stimulus plan provides for raising the limits on conforming mortgages financed by Fannie Mae and Freddie Mac to \$729,750 from the current limit of \$417,000 for one year. It would also indefinitely raise the limit on Federal Housing Administration-backed mortgages from \$367,000 up to the \$729,750 amount. This increase in limits will provide for more government backed mortgages helping homeowners to finance new homes or re-finance existing ones.

Recessions are part of the natural business cycle, and the fact that ECRI is forecasting this one to be brief and mild is promising.

We continue to suggest that our clients lower their risk tolerance for equities as the market tends to go lower in a recession. We are also already positioning our models to take advantage of the investment opportunities that present themselves during a downturn.



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As always, please feel free to contact us with any questions or concerns regarding the current market or your accounts.

Thank you,



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