MACIAN
NEWSLETTER
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A whole new year... now what??

As we put the holiday season behind us and being looking forward, we have a lot on our plate. Last year has been a little bit of a struggle for some of us and as we look back at what has happened, there is a lot we can be grateful for. We can be grateful that the turkey over Thanksgiving only caused us to gain 5 pounds instead of 10, and that Christmas allowed us to spend a little extra on ourselves and others. Either way this has all come to an end, and we need to begin planning for 2011.

I am sure many of you are rushing to your notepads and writing down your New Year's Resolutions; some you may be able to keep, while others will at least be given a shot. One of my personal favorite annual resolutions is to workout more and eat healthier. I promise this to myself every year, but it seems like I am great at it in sporadic times, like the first month and a half of the new year and when I know I have to squeeze into a beautiful dress for a special occasion. Somehow throughout the remainder of the year I tend to forget or for lack of better word," get lazy."

This year, I think we all should make a resolution together; as a whole we will not be lazy with our finances! Things have changed at Macian and we are all excited for you to be a part of it. If you may have noticed, our phone numbers have changed, if you did not change it on your address books yet, please take the time to do so.

Our new contact number is:

(800) 779-0245 (toll free)

We have also created a new **Educational Series**, catered to educating women in the Bay Area, please check it out at:: **www.MacianEdu.com**

All of us here at Macian believe that a whole new era is coming here and that women are stepping up not only in the education environment, but also the working environment. We wanted to give the chance and opportunity for a safe and comfortable environment to learn about finances, from the
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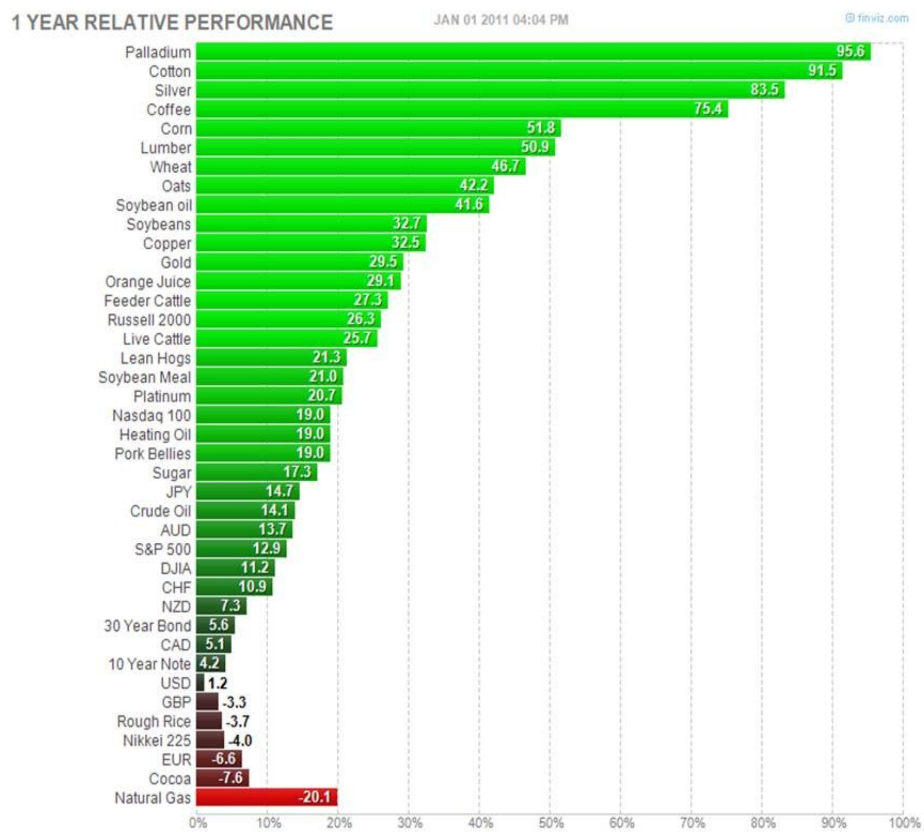
nitty gritty basics to some of the more elaborate investment and planning techniques for themselves and their families. We are excited to launch our first class starting March 1, 2011, if you are interested or anyone you know may be interest, please contact us directly and we would be happy to discuss this further. Half of being serious about your money is being serious about learning and educating yourself.

Last year, you primarily heard from me, Jadine Wong ,CEO of Macian Wealth Management, however this year we will be including Matthew Hodgen, COO of Macian Wealth Management into the newsletter and get to grow from his perspective and ideas of both the investment market and alternative markets based on his strong background with precious metals and private equity. As Macian Wealth Management's co-founder he has been instrumental in building the firm as well as the technology behind the scenes

We would also like to encourage you to have a say in the topics we discuss every month. A major reason we are here is to help and benefit YOU. If we hear from you and let us know what you want to know more about or interested in, we are more than happy to implement this into our letters. These letters are designed for you to learn, grow, and hopefully apply into your life..

What Happened Last Year? What's in Store for us in 2011?



Before we can begin to prepare for the future and what will happen in 2011, we need to look back at 2010 to learn and reflect about what happened. What happened in the past can surely provide some insight into what might happen in the future, right?

It seemed that was the saying back in school. We study history to understand the future, but 2010 seemed to be slightly out of norm. Market returns were stellar but nothing really justified the movements.

Maybe it was unemployment? Unemployment in 2010 did not look too happy for itself, most of 2010 unemployment rate began to increase and more people were being laid off, but towards the end of the year, it seemed that the private sectors were hiring. Employment continues to be a large focus and a major problem for years to come with no real result in the horizon. It's doubtful that this employment information

was a key driver into what helped buoyed the markets this past year.
How about commodities? Commodities were a blockbuster for 2010! Wow, what a HUGE success story for those who were properly invested in commodities. Even in ETFs or even in Mutual Funds, you may have seen a hefty return on your investments. Of course the most popular was gold, silver, copper, and palladium. What was it that made them jump so high, literally in the blink of an eye? Investors did not have any confidence in the US currency so people began to pile up their money into the commodity sector; it was really all about the physical assets. Gold was popular because many investors and money managers uses this as a hedge against inflation. As the economy becomes more and more uncertain, and worries of how the economy is going to bounce back continue to grow, the government begins to use their power to print additional currency. Now as this "Quantitative Easing" happens, money becomes devalued and inflation occurs. Even though news and numbers may say inflation was stagnant for 2010, it was quite the opposite. Commodities become more expensive, agricultural goods have increased from 2008-2010 and oil prices has spiked right back up. Even though the economy was hurting, it seemed that everything we need on the daily basis became more expensive. So, commodities played a huge part although this sector is tiny compared to the broader market.

It was Apple! Apple had a lot to do with some good ramp up for 2010; they are doing better than ever due to their contracts with AT&T, iPad, and iPhone 4. Apple has hit their 52 week high and is trading better than ever. For those who stuck by the company since 2007, there are many out there who can be thankful for Apple and its performance. Yet, one company cannot sway the market to move the way it did. Ok, so we know, it wasn't one company that changed everything, it wasn't the job reports, and it wasn't a sector. What can it be? That is the question, what made 2010 so different? We believe it was a little bit of everything. The job market has been sluggish but the people who statistically spend a lot of money were not the ones out of work. Many who cannot find jobs are those who may be facing retirement fairly soon, within the 5-8 year mark or those freshly out of college, with 1-2 year work experience. Those who are the in betweens, the ones who enjoy spending money on technology like Apple are the ones who has helped the retail space. Many people were also saving a little more from the past to be able to splurge at the end of year for Christmas.

People began to be less scared of what was going on in the market and although the light at the tunnel may seem a great distance, they were still starting to focus on that light. Many who were sitting on cash began to slowly put money back in, not particularly in the stock market but probably in the bond market, looking for the dividend opportunities and commodity sectors. A lot less risk was taken, but 2010 definitely was not an easy sail. We had a fair share of scares for the year. How about the Gulf incident with BP? The Gulf was rocked with one of the largest oil spills by British Petroleum back in April, many lost their jobs in the falling market already and it caused oil prices to rise again. To have even a larger scare, a computer glitch saw the Down Jones drop 1000 points in a single day, which caused a huge controversy around electronic institutional trading. Once again the general public was scared into being in the safe territories.

With better company forecasts and more of them meeting investor's expectations, stock prices began to rise. Consumer confidence began to take shape, and BAM…the markets began to climb. It was not an easy climb but like we all say, slow and steady always wins the race. If you invested diligently and did not allow fear or emotions get the better of you, I am sure you may have seen some pretty returns last year.

This was all last year, how about this year? It is now 2011 and the market seems to be doing better than ever, but where do we go? Is it too late to jump on the wagon or is there still time?

The answer is: yes AND no. Depending on the situation and your financial stance, 2011 will not look too different from 2010. Volatility will kick in even though the market is strong. With every up, there must be a down, but when? We would all like to know the answer but no one knows for sure, so guard yourself. No data outside says that we are out of the recession 100%, worries still come about.

The US economy is slowly taking hold as major corporations may be restructuring and the government is looking to continuously create concepts to boost consumer confidence and help businesses grow. Yet, across the water we see our friends in Europe who are struggling, where some investors say that they may be going through what the US did back in 2008, if so we need to protect ourselves. The market is worldwide, if they hurt there, we will hurt over here. Everything is all tied together, the US needs business and income from other countries and other countries needs business from the US. The economy will only get better if the whole world begins to stabilize, not just America.

Now jobs still play a LARGE roll in what happens in 2011. This can be a very scary issue as we have the Baby Boomer generation coming to retire between now and for the next 19 years Baby Boomers will hit 65 and ready to retire. There are many issues at stake, if they are unemployed and still need work to supplement retirement, who is hiring them? If no one hires them, they will begin retirement early and start dipping into the Social Security funds, which means the drawdown will become larger every year and there is not enough people who are working to support this type of payout. Also, if Baby Boomers are retiring, they need to get money somewhere right? How about their old 401k funds and IRA accounts? This means they are drawing down on their accounts which causes them to sell their positions, how will that affect your investments?

The next commodity run. Commodities were great in 2010, but nothing lasts forever. Forecasters believe that there is plenty of room for this sector to grow, but it will not do a repeat for 2011, at least not the same sectors. Many of the precious metal hike ups depend on overseas purchase and usage, especially in China as they are building infrastructure, as long as this is China's plan, commodities will continue to increase slowly and provided the dollar weakens again, commodities will be the place for many to hide once again. The bond market will also be a place people will run to if they become skittish about the market. The most important thing is to make sure you are diversified in your portfolio and rebalance and reanalyze what you currently have.

How about the housing market? This area has hurt us all in the past two years and needless to say a thorn in everyone's side. Everything that has happened in our economy has hurt each and every single one of us in more than one way. What many people are wondering is

IF the housing market will stabilize and begin to climb again. Indicators from researchers say no. Many are buying slowly but the prices will continue to dip as many more people are foreclosing and as the process to buy or sell a foreclosed home is taking an unpredictably long time, the lag in this market will continue to rise. With the extra inventory out there, many developers are strapped for cash and still trying to sell off what they have and still continue to build, many homebuyers will begin to become increasingly patient thus causing another stagnation within the housing sector pricing. There are still skeletons in our federal financial closet that have not been addressed, and unless congress does something fairly quickly to address this issue before it happens, we may be in for another downward ride in real estate pricing.

Not everything will be bad for 2011, many great things are already on their way. Unemployment rate has dropped slightly for 2011 and that means more people have been hired. This does not solve all problems but that means more money will be circulated which will help drive the markets. More people working and less people on unemployment will help us create the "push me pull you" mentality. This will also show that companies are hiring and may help drive larger corporations to follow the private sectors.

Push for greatness, business has not stopped. No one is currently failing as a large corporation and the oil situation seems to momentarily be in control. Apple is surging to higher 52 week highs and making many Apple shareholders happy. What will they bring to us this year?
Looking at the "dollar store" concepts and how they are doing now has changed drastically. In the past the dollar stores are just the simple mom-n-pop shops at the corner of your local community. Today it has been overblown as a large franchise that is spread throughout the United States. Of course when the economy is sluggish, many people turn to these areas for some goods, especially over the holiday seasons, but how well do they actually do? Some of these gigantic shops hold everything you can think of, from kitchenware to greeting cards, but do not expect the top of line goods, everything is just a dollar. What happens when the economy picks up and people are able to shop back at Target or Macy's? What happens to these free standing shops? Good question. With less business and smaller market cap, one can only assume that the will suffer a bit unless a business model changes. This is an interesting territory. Do you think a large dollar store franchise can survive both good and hard economic times? Let us know your thoughts. Until next month, we hope to be hearing from you soon.

Sincerely,

Jadine Wong,
Chairman & CEO
info@macian-wm.com
j.wong@macian-wm.com

Macian Wealth Management
555 California St., Suite 300
San Francisco, CA 94104
Phone: 415-508-3413