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Advisory services offered through Optimus Advisory Group, a Registered Investment Advisor.

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Steve K. Rumsey
Eight Baskets Portfolios
Optimus Advisory Group

...Did you see the recession coming?

"...Not only has the seven-year trendline been broken, but the most current data [Economic Cycle Research Institute Weekly Leading Index Growth Data] show a fall below the zero line, actually falling to a reading of -3.8%. Historically, any collapse below the -2% line usually meant a recession was either underway or was soon to follow..." – December 2007 Client Newsletter.

...Did you see the real estate bubble forming?

"This is an accident waiting to happen. If interest rates rise, adjustable rate mortgage rates could easily more than double. Homeowners with these variable rate mortgages could see their monthly payment rise substantially. If their rate went from 3.25% to their loan's maximum rate of say 8%, on a four bedroom house in some areas of Orange County, they could see their payment increase over \$1,000 per month! That would put quite a damper on the economy. We could end up tilting right back into a recession.

I'm not going to make any time predictions. However, I will say that based on the data I monitor, we're probably in the final 'blowoff' stage for home prices. I come to that conclusion based on data levels in 2004 compared to the last real estate bubble in the late 1980s...Remember, after the last real estate bubble, local home prices dropped more than 25%. That's nearly \$200,000 on a \$750,000 home." – June 2004 Client Newsletter.

"...the housing market is in for some serious problems that aren't going away any time soon..." – September 2007 Client Newsletter.

Find out how we proactively manage risk for our clients and keep them well informed throughout the year. Call now for a complimentary review!

Keeping watch,

Steve K. Rumsey
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*"Divide your portion to seven, or even to eight, for you do not
know what misfortune may occur on the earth."
King Solomon 940 B.C. Ecclesiastes 11:2*

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An Index is a portfolio of specific securities (common examples are S&P, DJIA, NASDAQ), the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Indexes are unmanaged portfolios and investors cannot invest directly in an index. Past performance is not indicative of future results.

Investors need to be aware that no investment plan/asset allocation can eliminate the risk of fluctuating prices and uncertain returns.

Figures quoted are for illustrative purposes only and are not necessarily indicative of past or future results of any specific investment. They do not include consideration of the time value of money, inflation, fluctuation in the principal of, and in many instances, taxes.

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This month's market commentary!