



# The Polar Letter

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There is considerable risk in President Obama's willingness to "do what it takes". Those words sound both positive and action oriented but, they really mean (at least in this situation) "anything can happen". The tearing up of legal contracts? That can happen. Bullying by the environmental protection agency and others? That can happen. Nationalization of General Motors, Citigroup and others? That can happen. The bottom line is that no one knows with any degree of certainty what will happen with government sorting things out day by day.

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## ***Recovery this year or next? We here at Polar Investment Counsel think not!***

Bill Gross, the founder of Pacific Investment Management Company (PIMCO) is thought by many to understand money as few others do. He has recently suggested that holders of U.S. dollars diversity away from the currency because of concerns about surging U.S. deficits. He feels, "the United States' fortune producing capabilities seem to be declining, which may suggest that the relative standard of living in the United States will decline as well." Mr. Gross, the manager of the world's largest bond fund, stated recently that the United States will (eventually) lose its AAA credit rating. This following Standard & Poor's lowering it's outlook on the United Kingdom's AAA rating from "stable" to "negative".

While we do not agree with many of the aggressive fixed income management methodologies historically utilized by Mr. Gross, we are, however, in complete agreement with his recent opinions. In our opinion, the current and foreseeable deficits alone will create an inflationary environment accompanied by much higher real interest rates. We believe Mr. Gross is correct, we will suffer a declining standard of living. As for our "fortune producing capabilities", these opportunities are already gone in the sense that they have existed for the past couple of decades.

These circumstances will (do) require numerous lifestyle and investment portfolio modifications. Traditional portfolios will quite likely continue to incorporate a high degree of risk, and bonds purchased last year will probably be worth less next year. Debt laden lifestyles acceptable for decades may very well lead one to bankruptcy court today or tomorrow. We suggest each of our readers examine their personal situations and investments.

Please call us to discuss alternatives to your present investment situation.

Michael C. Jordan  
President

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Polar Investment Counsel Inc is a federally registered investment advisory firm and broker dealer, which manages customer accounts on a fee or commission basis. The firm's senior principal, Michael Jordan has nearly thirty-five years of industry experience.

### **Polar Investment Counsel, Inc.**

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