

## —MicroEconomics—

**Do-It-Yourself Economic Recovery**

By Donald E. Werve, Jr.

A great many people are confused by the economic downturn (it is not politically correct to call it a recession) when most politicians keep trying to say doesn't exist. And, in a way, maybe they are right. But recessions and rising unemployment usually take place hand in hand—and all of the reports coming out are saying that unemployment is holding steady in the 5.1 percent range.

How can this be?

It is easy, unemployment numbers are reported based on people collecting unemployment insurance (and/or actively seeking employment). So according to the government, if you are not collecting unemployment, you are not unemployed. But on the other hand we have run-away inflation (it's called "run-away" because most of us can't afford to drive-away any more).

This article is written to those of us who have fallen off the deep end of unemployment statistics, who might have retired and are not actively seeking employment ... because there aren't any jobs offered for which we are not "overqualified" regardless of our not being able to make ends meet, keep up car payments, keep up house payments, cover medical expenses,

and can't find anywhere to turn. It is not that we aren't willing to work, or that we aren't fully capable of working. It might be the kind of feeling when we go to apply for a minimum-wage position only to find that there 3,000 people in line competing for 168 positions.

So what's the alternative? I call it a Do-It-Yourself Economic Recovery Initiative.

Take a day off and look at yourself to see what kinds of skills are lurking at the bottom of your tool-box. Then pick one or two of these that, maybe, a lot of other people can't do and give some thought to starting your own business! It really is not as hard as you might think if you think small—about something you can do by yourself. Find something that won't deplete your existing resources and something that you can do at your own schedule. Ask yourself, or your family, or some other "average" people what kinds of things they would like to have done and would be willing to pay someone to do it for them. Don't overprice yourself out of the market (I know one guy who was not much more than a limited-skills handyman's helper who refused work that would not pay him at least \$20.00 an hour—and didn't work very much either. I tried to explain to him that \$10.00 an hour would pay him \$400.00 a week, which was considerably more than the

\$80.00 a week he earned on average.

There's dog walking, house sitting, per-page typing, coupon clipping, news watch, legal notice clipping, window washing, sign spinning, selling ice water at the beach—or in a picnic area—doing circular distribution, lawn mowing, in-your-driveway car-wash service, garage cleaning, teach classes, department store greeter (which is usually a more structured job), parking lot pickup/sweep/wash, telephone book delivery (again, structured, and seasonal, but usually in demand), etc. In fact, there are more than 6,000 personal service jobs that almost anyone can handle part-time, on their own hours, and earn anywhere from \$100 a week (part time) to \$400.00 a week or more (full time).

Just because you decide to start your own enterprise doesn't mean you have to commit your life to it. Look at it for what it is, a bridge between jobs in your professional areas of expertise. For most of the people I know who have done this, they quickly learned it was a lot better, and a lot more than satisfying, than sitting at home waiting for their world to end.

And you never know but what you might decide you like being more independent. ☺

**Should Rising Oil Prices Affect Your Investment Strategies?**

Every time you fill up your gas tank, you are painfully aware that oil prices are high - really high. And rising oil prices can affect the cost of many other goods and services, from food to airline tickets. So, as a consumer, you know the impact of an increase in the cost of oil - but how about as an investor? Should rising oil prices change the way you invest?

Before we look at this question, let's quickly review why oil prices have gone up so far and so fast. First, the price of oil is reflecting the law of supply and demand; the world's oil supply has stayed relatively tight recently, while demand has continued to rise. Second, oil is a commodity priced in dollars, so if the dollar falls in value - as has been the case lately - then the price of oil will rise.

Will these two factors continue to drive up the price of oil? It's hard to predict. However, as an investor, you do want to know how the current state of affairs - that is, elevated oil prices - will affect your investments. Specifically, in this environment, what market sectors will be influenced? And how?

Not surprisingly, the stocks of some energy companies tend to do well when oil prices are high. At the same time, the automobile and airline industries, and some elements of the retail sector, may be negatively affected.

Does this mean you should make some drastic changes to your investments? Not if you follow a strategy of buying and holding a diversified array of quality investments. (Keep in mind, though, that diversification, by itself, cannot guarantee a profit or protect

against a loss in a declining market.) However, you may want to make some adjustments. For example, if the increased value of your energy stocks has caused your portfolio to become "over-weighted" with these stocks, which can be volatile, you may want to consider some type of "rebalancing."

But rather than focus on how rising oil prices can affect individual market sectors, try to look at the "bigger picture." As we mentioned earlier, rising oil prices can lead to higher overall inflation - and, over the long term, inflation is a much more serious threat to your portfolio's health than a short-term spike in oil prices. Consider this: If inflation rises three percent a year - which has been the average increase over the past eight decades - then everything you buy today could cost twice as much in 24 years.

To protect yourself from the ravages of inflation, you need to own investments that offer the potential for rising income, such as quality, dividend-paying stocks. By doing some research, you can find stocks that have paid - and increased - dividends for 20 or 25 straight years. (Be aware, though, that stocks are not obligated to pay dividends and can cut or discontinue them at any time.)

By making timely adjustments in response to events such as oil price "shocks" and by following a long-term strategy of owning an appropriate array of quality investments, you can continue working toward your financial goals - now and in the future.

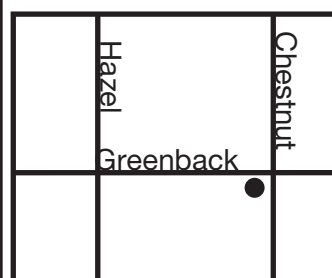
Provided by Kirk Camunez  
Edward Jones

**Angelman Walk-a-thon**

The walk for Angelman Syndrome held May 17<sup>th</sup> at William Land Park, drew over 400 walkers and raised over \$150,000. What was especially nice was the Angel (name given to those afflicted with the disease) featured in the May 2nd edition of this paper happened to be the ribbon cutter. Thank you to all our readers who sponsored Joey's team of walkers.

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