INVESTING WISDOM

Learning To Treat Patience As An Asset

by John Buckingham

(NAPSA)—When selecting an investment strategy that fits these times, it's important to remember that you get the chicken by hatching the egg, not by smashing it.

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History does not always repeat, and there is a sizable hole that consumers and investors have to climb out from. However, there are reasons to think that the steps taken by the Federal Reserve and U.S. Treasury to alleviate the financial crisis and to get credit flowing again will ultimately bear fruit.

For example, the recent announcement of the Term Asset-Backed Securities Loan Facility (TALF), under which the Fed will spend $600 billion to buy mortgage-backed securities, has already led to a big decline in 30-year mortgage rates, making home buying more affordable.

Certainly, concerns remain about additional shoes that may drop in the credit mess—including credit cards and commercial real estate. There is also the concern voiced by some that Wall Street estimates for corporate profit growth in 2009 remain too high.

Experts say there are a number of reasons to think that the steps taken by the Federal Reserve and U.S. Treasury to get credit flowing again will ultimately bear fruit—in time. That's why patience is essential.

Still, there is reason to be optimistic for the long term. The yield on the 10-year Treasury has hit an all-time low and assets in money market funds are near record highs.

While valuations of many stocks are suggesting that corporate profit growth will not return anytime soon, gas prices are much lower in most places and many are expressing optimism about the economic team that President Obama has assembled. The result is a growing number of people now believe it may be a much better time to be buying than selling, even though it wouldn't be a big surprise if the lows of November are revisited.

As the American humorist Arnold H. Glasow said, "The key to everything is patience."

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