



MALCOLM BERKO

Broker's advice is no laughing matter

Dear Mr. Berko: In January 2008 when American International Group traded below \$50, my broker believed I should buy 600 shares. Well it did and I bought 600 shares at \$49.80. I still have the stock at a big loss. Now he wants me to buy 6,000 shares at \$1.53, which he says will lower my cost basis to \$6 a share. He's adamant that it will move to \$10 or \$12 next year. Please give me your opinion. Also, please give me your opinion of Comcast. I bought 600 shares at \$21 and, as usual, it went straight down. Now my broker wants me to buy 600 more at \$12.50, which he says will reduce my cost basis to \$17. Please tell me what you think about this. — S.P., Rochester, Minn.

Dear S.P.: I will try to be positive! I truly believe there's a very, remotely plausible extension of reality that American International Group (AIG-\$1.53) can return to respectability and become an honorable company again. However, I think 1, your broker has been drinking too much prune juice; 2, his payment is late on his BMW lease and he needs a commission; or 3, he has inside information. I suspect either 1 or 2 is correct. However, if he has inside information he must have heard it on "Rowan & Martin's Laugh-In" or while watching reruns of "Captain Kangaroo."

Frankly, I'm surprised he didn't suggest a 10,000 share purchase at \$1.53, which would reduce your basis to \$4.50 a share, or an 18,000 share purchase, which would lower your basis to \$3 a share. I think it's a stinky idea. However, sometimes a stinky idea can produce a rare rose. So if you speak French fluently, if you gargle with battery acid, if you're immune to radiation poisoning, if you're left handed and losing another \$9,000 or \$15,000 or \$30,000 is a pebble in your financial pail, then go for it. Heck, perhaps your broker has inside information that AIG will be bought out by Taco Bell or the Bank of England at \$10 to \$12 a share.

Comcast Corp. (CMCSK-\$14.65) is a \$35 billion revenue cable television operator with 24 million cable customers, an Internet provider with 13 million customers, and a phone company with five million subscribers. Its two- to three-year outlook appears fine because CMCSK should benefit from the national shift to digital cable. CMCSK also has a strong cash position and a share price that trades nearly 1 point below its \$15.85 book value.

Please address your financial questions to Malcolm Berko, P.O. Box 1416, Boca Raton, FL 33429 or e-mail him at malber@comcast.net.

BUSINESS

Seminole Casino Trip

The Punta Gorda Chamber of Commerce will have a luxury coach Sunday to the Seminole casino in Immokalee.

Cost is \$20 per person, which includes \$10 in slot machine vouchers.

The coach leaves at 10 a.m. Sunday from the front of the Punta Gorda Chamber, 252 W. Marion Ave., Suite 121, Punta Gorda. You can take a chance on a seat being open by being at our office by 9:45 a.m. Sunday.

ATTENTION

Are you missing John Wright's Punta Gorda Chamber column? This column has moved to the Punta Gorda Herald, which publishes every Wednesday.

Saturday, May 16, 2009

www.sunnewspapers.net

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|--------------------|----------|--------|
| DOW | 8,268.64 | -62.68 |
| NYSE | 5,662.89 | -70.56 |
| NASDAQ | 1,680.14 | -9.07 |
| S&P 500 | 882.88 | -10.19 |

Wall Street hits a lull

Stocks extend week's losses after 2-month rally

By **TIM PARADIS**
AP BUSINESS WRITER

NEW YORK — On Wall Street, not so bad is no longer good enough. Stocks extended the week's losses Friday, further chilling the market's spring rally. Traders who last week sent stocks higher on economic news that wasn't as bad as expected are now selling. And analysts say it will take more upbeat data to restart the rally that swept major stock indicators up more than 30 percent from 12-year lows in early March.

The Labor Department said Friday that consumer prices in April were flat, as economists predicted. Manufacturing activity in the

New York area and industrial production contracted less than economists expected. And a Reuters/University of Michigan index of consumer sentiment rose to an eight-month high in May, a possible harbinger of improved consumer spending.

But even with this handful of silver-lining economic data, traders found little incentive to buy. Instead, a drop in the price of oil hit energy companies, while financial stocks slid on worries that the economic recovery could be further off than traders had been betting in recent months.

"This market is tired," said Joe Saluzzi, co-head of equity

trading at Themis Trading LLC.

Wall Street's rally has also hit a lull now that the government's stress tests of banks are done, earnings reports are winding down and the first wave of April economic data has been released. Traders aren't clear what the next catalyst might be to pump the market higher — or whether the gains might erode.

The Dow Jones industrial average fell 62.68, or 0.8 percent, to 8,268.64. The broader Standard & Poor's 500 index fell 10.19, or 1.1 percent, to 882.88, and the Nasdaq composite index fell 9.07, or 0.5 percent, to 1,680.14.

For the week, the Dow fell

3.6 percent, the S&P 500 index lost 5 percent and the Nasdaq slid 3.4 percent.

With the S&P 500 index up 30.5 percent from the lows of two months ago, many traders are finding it a safer bet to cash in some of their gains. About two stocks fell for every one that rose on the New York Stock Exchange, where consolidated volume came to 5.3 billion shares, compared with 6.8 billion shares traded Thursday.

Bond prices fell after the inflation data. The yield on the 10-year Treasury note rose to 3.14 percent from 3.09 percent late Thursday.

The dollar rose against most other major currencies, while gold prices rose.

Consumer prices level

By **MARTIN CRUTSINGER** and **CHRISTOPHER S. RUGABER**
AP ECONOMICS WRITERS

WASHINGTON — More evidence emerged Friday that the recession is easing, with output by the nation's factories, mines and utilities falling at the slowest pace in six months.

At least one area of the economy is flat, but that's welcome news. Consumer prices were level in April after a slight dip the prior month.

Inflation usually doesn't pick up until well after a recovery begins, noted Mark Vitner, senior economist at Wachovia. If the economy rebounds late this year, as many analysts expect, prices likely will be stable until 2011, he said.

Some economists have been concerned about the possibility of deflation, a sustained period of declining prices that can deepen a recession. But most say that possibility appears remote because the Federal Reserve has responded with force to combat the downturn.

The Fed said output at factories, mines and utilities fell 0.5 percent last month, after revised declines of 1.7 percent in March and 1 percent in February. Analysts had expected a drop of 0.6 percent last month.

Still, the report showed U.S. industry remains weak. Industrial production has fallen in 15 of the 17 months since the recession began in December 2007 and is down 16 percent since then.

"Overall, yet another report that fits within the



AP FILE PHOTO

In this July 3, 2008 photo, five-year-old Taylor Yost stands on her chair at the breakfast table to pour milk onto her cereal in Zellenople, Pa. Consumer prices were flat in April.

picture of an economy contracting more slowly but still far from an actual recovery," Paul Ashworth, senior U.S. economist at Capital Economics, wrote in a note Friday.

A 1.4 percent increase in auto production, which came after huge reductions earlier this year, boosted the overall results. But that won't last as Chrysler LLC and General Motors Corp. are shutting plants in May and June, which could send industrial production

lower, economists said. Meanwhile, the Labor Department said its Consumer Price Index was flat last month, meeting economists' expectations. The tame inflation performance reflected a second monthly drop in energy costs and a third straight decline in food prices.

Over the past year, consumer prices have fallen 0.7 percent, the largest 12-month decline since a similar drop for the year ending in June 1955.

Insurers get preliminary OK for Treasury funds

By **JENNIFER MALLOY ZONNAS**
AP BUSINESS WRITER

LOS ANGELES — The federal government has agreed to extend billions in bailout funds to six major life insurers, helping them shore up their capital positions in the wake of major investment losses.

The Hartford Financial Services Group Inc. said Thursday that it had been notified by the Treasury Department that it was eligible for \$3.4 billion from the Troubled Asset Relief Program, or TARP. Lincoln National Corp., which goes by the name Lincoln Financial Group, said it has been initially cleared for a \$2.5 billion injection from TARP's Capital Purchase Program.

Prudential Financial Inc. of Newark, N.J., said it received approval for an undisclosed amount of funds and that it is currently evaluating all options available to the company.

Allstate Corp. of Northbrook, Ill., Minneapolis-based Ameriprise Financial Inc., and Principal Financial Group Inc. of Des Moines, Iowa, also are among insurers receiving preliminary investment approval, Treasury spokesman Andrew Williams confirmed. He declined to disclose the amount of investment each company will receive.

The total capital injection into the six companies will be less than \$22 billion, The Wall Street Journal reported, citing a person familiar with the situation.

Shares of the insurers were mostly lower in trading Friday. Shares of Connecticut-based Hartford Financial fell 15 cents, or 1 percent, to close at \$14.60, while Lincoln National lost 12 cents to \$16.12 and Principal Financial fell 28 cents, or 1.5 percent, to \$18.58. Shares of Prudential fell \$1.62, or 4.1 percent, to \$37.75 and Allstate lost 95 cents, or 3.8 percent, to \$24.30. Ameriprise added 34 cents to end at \$25.40.

Southwest Florida College grand opening today

Southwest Florida College issued an open invitation to the public for the grand opening celebration of its Port Charlotte campus from noon to 4 p.m. today. The event will feature a live radio broadcast, free food, snacks, refreshments, prizes, face painting, games and balloon art.

Southwest Florida College offers programs in allied health, business, design, education, information technology and legal. It is located at 950 Tamiami Trail, Port Charlotte. For more information, call 888-526-7973 or visit www.swfc.edu.

New hurricane protection

Harper's Manufacturing Specialties owner Faye Trotter announced the addition of an important safety feature to its accordion products. It provides egress accessibility, which



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allows shutter access from the inside and outside. This added feature provides the ability to escape in case of an emergency. Harper's has been serving Charlotte County since 1980. It carries a complete line of hurricane protection products and manufactures its accordions. Harper's is located at 24730 Sandhill Blvd., No. 901, Punta Gorda. You can call 941-629-3490 for additional information.

New branch director

Geniva Home Health recently announced the

appointment of D. DeAnne Mosher, Ph.D. to branch director of its Port Charlotte office. Mosher is a health administration graduate of Kennedy-Western University with 35 years of experience.

Geniva Health Services has more than 380 locations in 39 states and is located locally at 1504 Kings Highway, Suite 100, Port Charlotte. You can contact Geniva at 941-625-9992.

Dr. Dakouny opens practice

Dr. Antoine I. Dakouny recently opened an internal medicine and preventive medicine practice at 100 Madrid Blvd., Suite 511, Punta Gorda. According to Dakouny, he provides evidence-based medicine and care customized to a patient's special medical needs. The practice is accepting

new patients. Call 941-347-7203 to schedule an appointment.

Chapman Insurance Group opens

Brian Chapman Jr. announced the opening of the Chapman Insurance Group last week. The group offers insurance coverage for those in need of personal or business insurance. It is located at 922 Tamiami Trail, Suite D1, Port Charlotte. You can contact Brian Chapman and his team at the Chapman Insurance Group for a quote on your auto, homeowners and commercial insurance at 941-209-4444, or e-mail brian@cigflorida.com.

Submit your Charlotte County business news to gnickerson@sun-herald.com. Glen Nickerson is the advertising manager of the Charlotte Sun.