

From the Desk of John Colley...

U.S. Stocks (and world markets too) decline amid worries over Greece potentially leaving the Eurozone... and if so, setting a precedent for other countries to follow their lead... thereby disrupting the organizational strength of the 17-nation zone and hurting the Euro currency further. Or is it an opportunity to resolve, repair and fix things for the better?

The former Prime Minister of Greece and related sources released the story yesterday about 20 minutes before the 4pm market close here in the U.S., causing a market reversal almost immediately.

One colleague I talked with says, “We are no doubt reacting and overreacting to something perhaps... but no one really knows what the end game would be or what the equity markets are trying to get their arms around”. We’ve identified trouble and magnified it and because the outcome has unknowns and changing variables, it’s very unsettling. The European Union Summit begins today so we have another interesting backdrop. Optimism grows and sags on the streaming news and rumors out there. A global selloff is the reaction today.

Overshadowed is news on the “home” front:

- * U.S. new home sales up 3.3% in April (better than expected)
- * Home prices rise 1.8% from the month before.
- * Mortgage application rises 3.8% vs. one month ago
- * Toll Brothers (homebuilder) posts a profit of 10 cents/share and revenues increase 17% over a year ago.

* **Not all is gloom and doom.**

The amount of selling volume is low and we are “off” the lows of the session. Certain key stocks like Apple, Starbucks, and Ford are enjoying an “up” day as bottom-fishing attracts some buyers. Today’s story is really about the Euro and what Greece might do ... the worst case scenario, whatever that is, may not play out. Expect the market to bounce back soon.

All the best,
John Colley
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