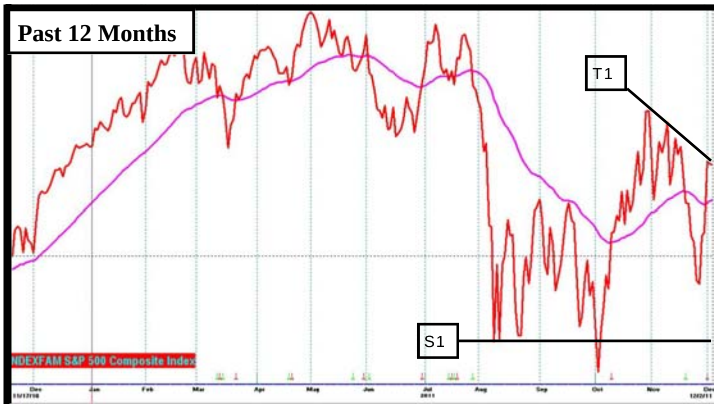
COASTAL
WEALTH MANAGEMENT

MARKET COMMENTARY



S&P 500 Composite with 50 day MA

The end of last month was marked by an amazing advance of 7.25% in the last three trading days including an incredible 490 points on the Dow Jones Industrial average. The S&P 500 shown at the right posted similar numbers reversing what seemed like a certain retest of the recent support levels shown as S1. The spark for the rally was most assuredly the announcement of a potential agreement by the European community to fund a bailout for Italy.

While the announcement of a solution for the European community is definitely a positive for US markets going forward, it is important to look at the point at which this advance stopped. The trend line marked as T1 above shows the advance stopped almost exactly at the point of the existing down trend.

We like to say that the "trend is our friend,... until it ends." In this case the trend has not ended or even changed direction until we see a series of higher highs and higher lows. In other words, "one day does not make a trend."

We sold our high yield bond positions as they hit their respective stops in the previous down trend thus avoiding significant losses. Unfortunately this means we also did not take part in the strong advance the last three days of the month. That said, it is also clear that the overall market appears to be still in a downtrend. We cannot predict what will happen, but by monitoring the changes on a daily basis allows us to avoid large losses and take advantage of new trends when they develop. All of our accounts remain positive for the year and we will continue to look for tradable opportunities. As the year end approaches, if you have questions about taxes or other situations that you need to discuss, please feel free to call the office.

PRIME NUMBERS *— Current Facts from Around the World*

97% The percentage of Americans who think that the $1 bills are more convenient than coins—showing how unpopular a proposed bill to drop the dollar bill in favor of the dollar coin would be.

114,000 The number of private sector jobs that were added in October down from 122,000 in September.

5M—20M Tons of floating debris from the March 11 Japanese earthquake and tsunami that is expected to reach the US West Coast in the next three years.

3% Anticipated budget cut at the Internal Revenue Service, which offered 5,400 employee buyouts last week .

80 The age to which a quarter of middle class American believe thy will have to work in order to save up enough money to live comfortably in retirement.

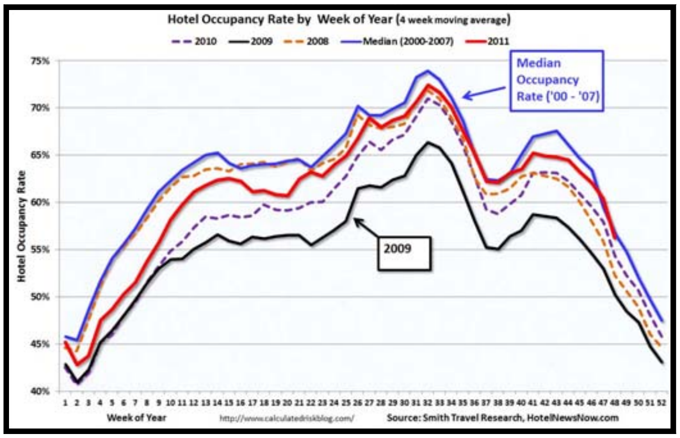
$22M Sum spent, mostly on advertising, by Costco Wholesale Corp. on a campaign to dismantle Washington States government run liquor distribution system.

Reprinted from **InvestmentNews**

Kirk Zickler
P.O. Box 131646
Houston, Texas 77219

Phone: 713-621-9898
Fax: 713-621-2007
E-mail: kirk@coastal-wealth.com

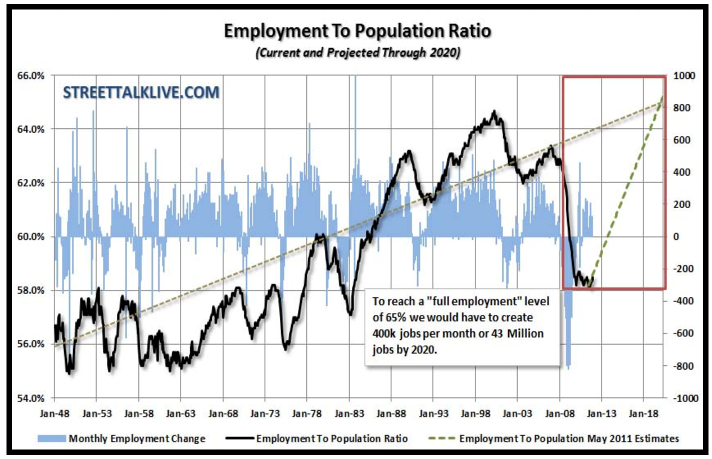
December 3, 2011



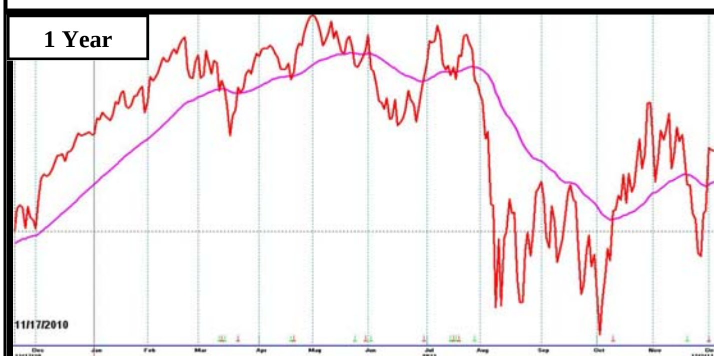
THE ECONOMY

At left is a chart from **www.calculatedriskblog.com** showing the value of Hotel Occupancy Rate by Week of the Year. If you have ever wondered when the best time of the year is to get good deals it is clearly evident from this chart that from now thru January occupancies are at annual lows and deals should be readily available.

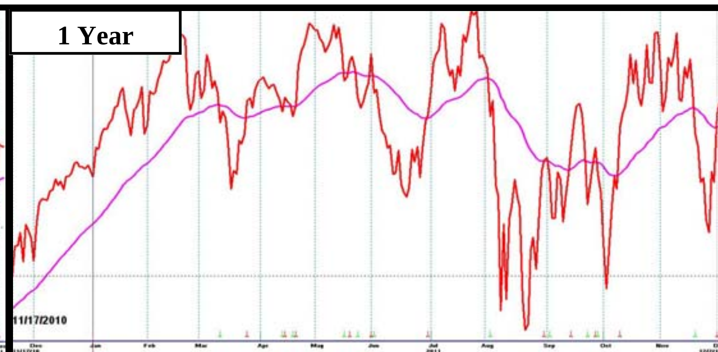
At right is a chart showing the ratio of Employment to Population. This shows the employment rate taking into consideration the natural population growth. In November the US Bureau of Labor reported growth of 120,000 non farm payroll jobs. This is far short of the projected 400K monthly job growth necessary to get back to the median full employment level by 2020. I think it is clear that without job growth, all US industries may be looking at higher than normal vacancy rates. Until this changes we cannot expect to see lasting changes in the US markets.



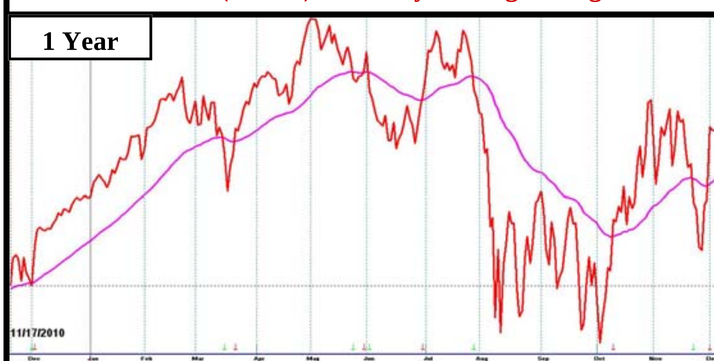
MARKET SNAPSHOT



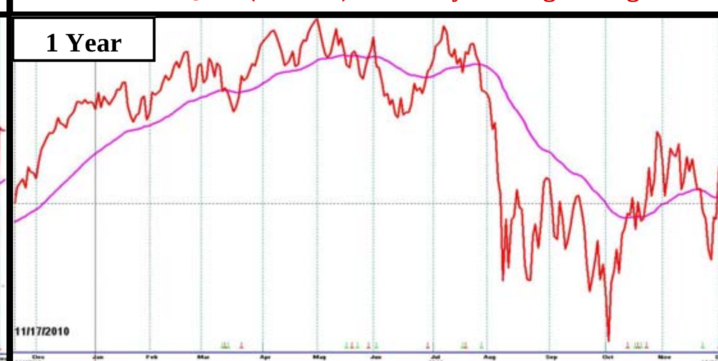
S&P 500 (SP-CP) w/ 50 day moving average



NASDAQ 100(NDX-X) w/ 50 day moving average



Dow 30 (DJ-30) w/ 50 day moving average



Russell 2000 (RUT-I) w/ 50 day moving average

Kirk Zickler
P.O. Box 131646
Houston, Texas 77219

Phone: 713-621-9898
Fax: 713-621-2007
E-mail: kirk@coastal-wealth.com

December 3, 2011