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Making the Most of Your Money

By [Susan Carr-Templeton](#) / 08/08/11

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Stocks Down on News of S&P Downgrade

As you know, [S&P](#) announced Friday evening that it was downgrading the U.S. sovereign credit rating from AAA to AA+, and it assigned a negative outlook to this new rating. This has all investors wondering what to do, what is next and how safe are my investments.



This event has triggered the concerns of politicians, both international and domestic. The markets opened today down 2 percent and should continue to be choppy for the next couple of weeks as analysts and nations try to digest the impact of this downgrade and the issues impacting our debt and that of Europe. Consensus in the industry is that growth is slowing and the expected 3 percent GDP for the second half of the year will be adjusted downward. It is difficult to predict how the markets will behave in the near term as we are in uncharted waters. However, looking forward, I anticipate markets to be both volatile and, at instances, lacking normal liquidity. Our markets here in the U.S. will also be impacted by what is taking place in Europe.

This is the time when you do not want to sell good holdings and positions. Perhaps, it is the time to react to exceptional, high quality opportunities when, and if, they arise. This is the time to diligently watch both fundamentals of our economy, the fundamentals of the global economy and your personal holdings. In closing, while the ratings change is a disappointment to Americans perhaps, great things will come from this ratings change, such as a diligent action by our policy makers to come out with better solution than what we saw in the recent budget legislation. A quote from [Michael Hartnett](#) caught my attention: "Markets stop panicking, once policy makers start panicking."

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