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**Making the Most of Your Money**

By [Susan Carr-Templeton](#) / 03/17/11 [RSS feed](#) [Like](#)

## Tsunami In Japan: A Lesson To Keep Investments Diversified

As the aftermath of the tsunami unfolds in Japan, it has repercussions around the world and will for a long time. The overall effect on U.S. gross domestic product (GDP) is expected to be about 0.5 percent, which means that the U.S. economy will grow a bit more slowly than originally thought.

Nevertheless, if your investment portfolio is diversified, you should be seeing some areas perform while others decline. For example, oil and gas stocks have moved up as investors understand that Japan will increase its demand in other areas of energy as the government shuts down its nuclear plants.



U.S. Treasuries have rallied as investors see investing in U.S. Treasuries as a safe vehicle in which to park their money for now. In the long term, based on economic estimates, it will take Japan many years to recover and therefore many of the country's leading companies will perform poorly. I do believe that other non-Japanese businesses in the U.S. and emerging markets will pick up the slack as many Japanese services and manufacturing centers have been shut down. These non-Japanese companies will be able to win through adding market share. In addition, the Japanese government will be spending massive amounts of funds on the rebuilding of the country's infrastructure. That means positive growth for the many companies and industries that will be needed to help the Japanese government restore its country and economy. Investors in the stock market do not like uncertainty and we have a lot of it with the potential nuclear meltdown in Japan to the riots and unrest in Libya and Bahrain. I do believe that the U.S. market has sold off more than enough to compensate for this uncertainty. From the Feb. 18, 2011, close of the S&P 500 at 1344.01, the market has declined by 6.5 percent.

Even though there are so many crises happening at the same time, there are many positives for the U.S. economy and emerging markets. I believe we will see new demand for commodities and infrastructure-type companies used in the rebuilding of Japan's roads, bridges, buildings and plants. Also, keep in mind increased demand for energy and agriculture.

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*Susan Carr-Templeton is a personal wealth advisor with more than 20 years of investing experience. In addition to managing Stafford Wells Advisors, Susan volunteers on the investment committee for the Advocate Foundation.*

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