

David Bach | FinishRich™

Michelle and I would like to announce the birth of our son,

JACK DAVIS BACH...born August 26th at 6 pounds 14 ounces!



Okay...I know showing you a picture of my new son Jack is not exactly about your money, but I feel like this newsletter is going out to my friends and family and so I hope you allow me to show off just a little.

Seriously, is Jack not the cutest kid you've ever seen? We've already enrolled him in a baby investment class. I'm thinking about SMART BABIES FINISH RICH.

Okay maybe not. Mostly he's eating, sleeping and you know what. But boy all those clichés about babies are true. I never knew how much I could love someone.

THE AUTOMATIC MILLIONAIRE COACHING PROGRAM---HERE ARE THE DETAILS:

I know I promised to send out the announcement in August but I got sidetracked with the little guy above. So I'm sorry that the announcement has been delayed.

BOTTOM LINE...the Coaching Program Email Announcement is being sent within days!

1300 of you have already signed up to receive the announcement for the 90 Day Coaching Program.

So those of you who did sign up will be the first to have the opportunity to register. Again we will only take 100 people into this program and if it fills, we won't send out this announcement to the rest of the community. So if you want to be a part of the first announcement which will offer the program at a SIGNIFICANT discount before it is offered to the general public, [click here](#). If you signed up already, please DO NOT re-register.

NOW TO THE ECONOMY AND THE MARKETS

The Nasdaq up 34.79% for the year
The DJIA up 12.38% for the year
The S&P 500 UP 13.98%
The Russell 200 up 29.42%



Coaching With David Bach

Register to receive our announcement email for the Automatic Millionaire Coaching Program™

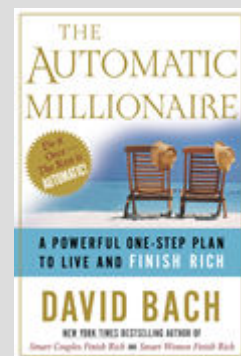
[Click here](#)

See David LIVE in New York

September 23rd at the Makor/Steinhardt Center of the 92nd St Y

For details [click here](#)

The FinishRich Book Series



I cannot over emphasize how powerful of a bull market we are experiencing right now. The Nasdaq just hit a 16 month high! The DJIA reached over 9,400 last week. Remember again (less than five months ago) I predicted at DJIA 7,400 the market would hit 10,000 before 5,000. Well, don't look now but we are almost there. What you've just seen is truly remarkable. We now had six consecutive up months!

THE BOND MARKETS CONTINUE TO GET HAMMERED

The flip side of the stock market is the bond market. Talk to a bond specialist and what you'll hear is that this is the worst bond market they've seen in 20 years. The volatility of the bond market in the last 50 days is HISTORIC.

In August the Federal Reserve announced they would not be raising rates for the near future (but they also didn't lower them). As a result the bond market simply anticipated higher rates in the future and pushed up the yield of US Treasury Notes (causing the value of the bonds to drop like a rock).

IF THIS CONTINUES BONDS COULD GET EXCITING AGAIN TO OWN

Rates have jumped so fast on US Treasury's that they are getting attractive again. You can now get a yield of 4.5% on a ten year treasury. That's almost a full percentage higher than TWO MONTHS AGO (June 2003 rates were 3.27% on 10-year Treasury). Here's my hunch...I think we'll see rates next year on ten year treasury's get closer to 5.5% and maybe even a 6% on 30 year treasury's. When that happens you'll see investors buying those bonds in droves. The reality is that a 6% government guaranteed rate is always attractive. The key here however is to own the individual bonds so that you take on less risk.

As we get closer to those rates I'll share in future newsletters what to do. Until then DO NOT BUY long term treasury bond funds or you'll get crushed when the value of them drops like a rock (as we are already seeing happen).

THE GLOBAL ECONOMY IS PICKING UP

It's not just the US economy that's improving. Almost across the board Europe is reporting improving numbers. Germany and Italy showed pick ups and China's starting to pick up. Even Latina rock (as we are alu1rock (ap6limmericaTm(predicina's stgr Yoathat to do.

We are blessed to live in this country and we are blessed to have brave women and men that fight our battles. My heart goes out to these families.

THE COST OF IRAQ IS REPORTEDLY 4 BILLION A MONTH!

An amazing thing has been happening in the last two years with our country's budget. In 2001, The Bush Administration forecasted a surplus of over \$330 Billion in 2003. Now our country is on track to have a deficit of over \$500 billion in 2003. This is about as bad at math as you can get.

Amazingly you are not hearing a lot about it in the media. It's hard to fathom how our government can be off by nearly a TRILLION DOLLARS on estimates to the budget in just a year and a half. **It's beyond mind boggling.** This is the same administration that told us that we would have such a HUGE surplus and that we could afford to have tax rebates and lower taxes. I feel duped. I personally believed these guys' estimates and I supported the tax cuts (you heard me support them in past newsletters). But, I supported them based on what I thought were TRUTHS...not fantasy accounting. This is like a government version of Enron accounting and NO ONE IS ASKING THEM WHAT HAPPENED!

So I'd like to ask... "How in the world can you be off by nearly a TRILLION DOLLARS ON A BUDGET?"

The answer of course will be: 9-11, The Economy, the War On Terror and Iraq. My question remains...A TRILLION DOLLARS? Doesn't it seem a little high to be off by a TRILLION DOLLARS?

And folks this assumes nothing else goes wrong in the world in the near future. Seems like North Korea and its desire to test a nuclear bomb in a few weeks could change that a little!

AND IT GETS WORSE....

NEXT YEAR THE WAR IS NOT FACTORED INTO A 400 BILLION DOLLAR DEFICIT.

Did you just read that? Next year they are reporting that we could have a 400 billion dollar deficit (but they are not including the cost of Iraq). That's going to be a separate request for funds.

I may sound political here but I'm actually NOT being political. I'm simply looking at this from an economic standpoint. Personally, I'll save a lot of money this year on my taxes, thanks to the tax cuts our President pushed. That's a lot of money that I'll now be able to save and invest and also spend in the economy. I like that. But I'm also a REALIST. Who's going to pay for a TRILLION DOLLARS IN DEFICITS over two years?

I'll tell you who...you and me, through new taxes a few years from now (with this President or whomever is the next President). As they say, "it's the economy stupid" but Americans are not DUMB. Nothing is free. This war in Iraq and these tax cuts are going to come at massive cost and it could ultimately derail the fragile economy and cause inflation. This is a real

problem...and it's worth paying attention to because as the stock market goes up, it's easy to feel flush again and start spending like a 90's fool. Don't make that mistake. We are far from home free on this bull market because the economy is far from home free. Go easy with your spending and SAVE MORE!

A FEW IDEAS FOR SEPTEMBER

Find out if you're on track to fully fund your retirement accounts at work:

If you are over 50, find out if your company is offering a "catch up provision". The catch up provision allows you to save up to \$14,000 in 2003 if you are over 50. And again if you are under 50 you can save up to \$12,000 this year (up from \$11,000). But, remember your plan won't help you save extra automatically. You'll more than likely need to request a change to your plan contributions.

Get your name on the DO NOT CALL LIST: If you haven't already done this, go to www.donotcall.gov. They will take your name off the lists of telemarketers who bug you at night with those stupid calls. 41 million people have already signed up (including me).

Watch the late fees on your credit cards. Because interest rates are so low right now many credit card companies are looking to raise late fees to increase their revenue. According to USA Today, late payments have increased on credit cards by 56% on average since 1998. Many big issuers are now charging \$35 for late fees. Even worse those low interest credit cards can raise the interest rate to as high as 29% if you're late.

The best way to avoid late fees is to pay your bill early. If your card is due on September 15th don't cut it short. I'd get the money to them at least 5 days early, which may mean mailing it on the 7th. Many card companies now consider a payment received on the due date late because they process payments the next day!

Road Test Your Mutual Funds: If you own mutual funds go to www.morningstar.com and see how they are really doing. You can review their rankings for free at this website. The question to keep in mind is how are you doing compared to the appropriate index.. If the Nasdaq is up 34% for the year and your aggressive growth fund is up 20% for the year, then your mutual fund is not doing well. It's important to compare your fund against the right index. A value fund should be compared against the DJIA or a Value Index, not the S&P 500, etc. If this confuses you, then talk to your financial advisor or join us for our coaching program. Again for details on that program [click here](#).

Beware of technology funds or stocks: With this incredible bull market in technology, it's time to be more conservative. A few months back I discussed buying the QQQ's. The QQQ's are often referred to as "Cubes". It's the easiest and cheapest way to buy the Nasdaq. You end up buying the top 100 stocks in the Nasdaq and it trades like a mutual fund (an exchanged traded mutual fund). I was buying this back at a price of \$21 and now they are up to \$34. Pretty outstanding. I'd be careful now. The Nasdaq now has its top 40 largest stocks trading at about 40 times earnings. That's a P/E ratio of 40. That's very, very high

Be careful in September investing: It's worth mentioning again that September is historically the WORST month of the year to invest and October is not much better. The next few weeks are critical because the new market highs will be tested. We'll be seeing very soon if these highs become a new floor on the market from which to go higher or a barrier. The three things that can really derail this market this month as I see are: North Korea testing a bomb, more serious problems in Iraq, and earnings warnings from company's reporting.

Visit www.bankrate.com : I love this website. I'm constantly asked where to go for information on CD rates and Money Market rates. This is simply a great website to do quick and easy research. They also have some of the best financial calculators on the internet.

Visit www.savingforcollege.com : Another great website. I get a ton of questions lately on 529 Plans. This is a wonderful website to research how your 529 Plan is doing or help you decide if you should consider one.

THANK YOU...I'D LIKE TO ASK FOR YOUR HELP AGAIN

Over 2000 people subscribed to this newsletter last month. It seems whenever I ask you...you deliver. THANKS! You appear to be enjoying this newsletter and I want to continue to grow this community. My goal is to increase it by 10,000 more members by year end. If you just send me one friend's email address (someone that you think would like this newsletter), we'll grow by over 10,000 in 24 hours. Seriously! I'd love ten friends but just one would help! Add a friend or family member and then tell them you added them so they don't think we're sending spam.

Thank you so much. Also I'll be on CNN and The Today Show this month and details are posted on the website.

COME SEE ME IN NEW YORK

If you're planning to be in New York this month, I'll be presenting Smart Couples Finish Rich at the Makor/Steinhardt Center of the 92nd St Y on September 23rd. For more details and to register online [click here](#).

CONSUMER REPORTS SAYS!

Oh and this is really kinda cool...**Consumer Reports** reviewed "Top Selling Financial Gurus" and rated them. Yours truly made the cut and *Smart Women Finish Rich* ranked number #4!

Again thanks for your interest in what I have to say and for being a member of The FinishRich Community.

Have a great month and live rich!

David Bach

PS: The Money Coach Program on AOL went live two weeks ago. You can find it at AOL Keyword: David Bach. Enjoy.

PPS: My nationally syndicated radio show *Live Rich with David Bach* starts later this month on the Sirius Satellite Network. I'll be sending out an email later in the month with a toll free number you can call to ask me questions live on air.

Please feel free to share this newsletter with people you think may enjoy it! We'd appreciate it if you could forward it in its entirety, including our contact and copyright information. Thanks!

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