

# WEEKLY MARKET COMMENTARY

For the Week of January 9, 2017

## THE MARKETS

The two-month post-election rally continued following a Labor Department report showing lower-than-anticipated job growth but increased wages. The Dow came within one point of hitting 20,000, and the Nasdaq and S&P 500 reached record highs. For the week, the Dow rose 1.07 percent to close at 19,963.80. The S&P gained 1.76 percent to finish at 2,276.98, and the NASDAQ climbed 2.56 percent to end the week at 5,521.06.

Returns Through 1/06/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.07	1.07	21.29	9.42	12.88
NASDAQ Composite (PR)	2.56	2.56	14.17	10.31	15.60
S&P 500 (TR)	1.76	1.76	16.94	9.93	14.68
Barclays US Agg Bond (TR)	0.17	0.17	2.36	3.01	2.30
MSCI EAFE (TR)	1.78	1.78	6.92	-0.64	7.00

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

**Tight Credit** — If the same credit standards used by lenders in 2001 were used from 2009 through 2014 (i.e., following the 2008 global financial crisis), an additional 5.2 million mortgage loans would have been made, including 1.2 million mortgage loans in 2014 alone (source: Housing Finance Policy Center at the Urban Institute, BTN Research).

**Missing the Best** — The total return for the S&P 500 was a gain of 12 percent (total return) in 2016. If you missed the three best percentage gain days last year, the 12 percent gain falls to a 4.4 percent gain (source: BTN Research).

**Avoid the Worst** — The total return for the S&P 500 was a gain of 12 percent in 2016. If you avoided the three worst percentage days last year, the 12 percent gain rises to 22.1 percent (source: BTN Research).



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## WEEKLY FOCUS – Some Celebrities Worth Imitating

Celebrities have always been trendsetters. Consider the impact Kate Middleton's stunning style statements have had on the clothing industry. But when it comes to personal finances, the practices of the rich and famous often don't merit emulating. For example, you may recall Nicholas Cage went through a \$150 million fortune and wound up owing the IRS \$6.2 million.

There are, however, a number of celebrities who are mindful with their money. Take Jay Leno. When he worked simultaneously at a Ford dealership and McDonald's during his youth, he spent the salary from one job and saved the other. Years later, Leno lived off his earnings as a standup comedian and saved his entire check from hosting "The Tonight Show." As a result, his current worth is reported to be \$350 million.

Despite being the second richest person in the United States with a net worth of \$58.5 billion, Berkshire Hathaway CEO Warren Buffett's lifestyle is surprisingly frugal. He still lives in the Omaha home he purchased in 1958 for \$31,500 and has a habit of buying used cars.

Growing up in a family of eight on welfare left "Sex and the City" star Sarah Jessica Parker with a conservative streak. Even though she is known for her fashion sense, she dressed her son in hand-me-downs from his older cousins during his early years. According to Stella McCartney, her billionaire father, Paul McCartney, was another thrifty parent – requiring her to attend a state college to get a lower tuition.

A few celebrity couples have been recognized for their modest habits. Facebook founder Mark Zuckerberg and wife Priscilla Chan had a tiny wedding in Zuckerberg's backyard and are often seen in fast food chains. Former vampire slayer, Sarah Michelle Gellar, and her husband, Freddie Prinze, Jr., have an estimated net worth around \$15 million. Still, Gellar clips coupons, keeps an eye out for sales and brings her own bags to grocery stores. Finally, "Law and Order" stars, Mariska Hargitay and Peter Hermann, work at being good financial role models for their children, putting most of their money into savings rather than a lavish lifestyle.

Without having long-term goals and strategies for achieving them, it's human nature to spend more as income increases. But spending without a plan can be a slippery slope that draws money right through your fingers. If you need help maintaining a disciplined, focused approach, give us a call. We're always happy to be your financial sounding board.

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\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright January 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 1677917.1