



WEALTH MANAGEMENT GROUP

LEO A. PITRE, MBA, CFP®, CEP® · WILLIAM S. BORDELON, JR.

## **Pitre Wealth Management Group Weekly Market Commentary March 7, 2016**

### **The Markets**

When Mark Twain's death was reported in the United States, he was alive and well in London. He responded to news accounts with a note saying, "The report of my death was an exaggeration."

Last week's jobs data suggest the same is true of reports that a recession is imminent in the United States. *Barron's* explained:

"Thank goodness the mid-February fears of recession that brought markets to their knees – and the 10-year Treasury yield to a low of 1.53 percent – were overblown. Friday's nonfarm payrolls report was the latest confirmation. It showed that 242,000 jobs were created last month, far more than expected and up from the previous month's reading, which was itself revised higher."

The employment data weren't all positive, though. Average hourly earnings declined when it was expected to increase and the number of hours worked was lower, on average, than it has been for two years.

Regardless, *The Wall Street Journal* said employment, consumer, and business spending reports helped calm investors' fear the U.S. economy was losing momentum. Some investors sold bonds, which helped push the yield on 10-year Treasury notes higher.

Investors also were encouraged by last week's oil price rally, according to *CNBC*. A better demand outlook, coupled with cuts in supply, boosted oil prices by 9.5 percent in one week.

U.S. stock market performance reflected investors' renewed optimism. *USA Today* said, "Stocks have rebounded from their worst start to a year ever, with the benchmark S&P 500 trimming its year-to-date loss to 2.15 percent after being down by more than 10 percent on February 11." At the end of last week, the Standard & Poor's 500 Index was about 6 percent below its record high.

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Data as of 3/4/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.7%	-2.2%	-5.1%	9.5%	8.7%	4.6%
Dow Jones Global ex-U.S.	5.0	-3.6	-13.2	-2.1	-2.5	-0.3
10-year Treasury Note (Yield Only)	1.9	NA	2.1	1.9	3.5	4.7
Gold (per ounce)	4.2	20.3	6.5	-6.7	-2.2	8.5
Bloomberg Commodity Index	3.9	-0.2	-23.2	-16.8	-14.3	-7.0
DJ Equity All REIT Total Return Index	3.9	0.0	0.6	8.4	10.7	6.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

### ARE YOU LEAVING THE SAME AMOUNT TO ALL OF YOUR BENEFICIARIES?

One-third of all parents with wills have divided their estates unequally among their children, according to the *National Bureau of Economic Research* (NBER). The study found bequests in complex families – families with stepchildren or estranged children – are more likely to be unequal. The *Squared Away Blog* reported:

“...parents with stepchildren are considerably less likely to include all of their children than are parents who have only biological offspring. This is more true for women with stepchildren than for men with stepchildren. Divorced and widowed parents are even less likely to divide their assets evenly if they have stepchildren.”

The blog reported there were some mitigating factors. Wealthier parents were more likely to include stepchildren and children with whom they had little or no contact during their lifetimes than less wealthy parents. However, parents who suffered from poor health were less likely to divide their estates equally. Bequests sometimes were used as an incentive to provide long-term care.

Since children may interpret unequal inheritance as an expression of unequal love, why do parents play favorites? Researchers at Ohio State University delved into the question in 2003 and reported altruism (equalizing income differences among children), exchange (bequests in return for services), and/or evolution (bequests to biological children rather than adopted or stepchildren) played a role when distribution of assets was uneven.

### Weekly Focus – Think About It

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“The philosophy of the school room in one generation will be the philosophy of government in the next.”

*--Abraham Lincoln, Former U.S. President*

Best regards,



Leo A. Pitre, MBA, CFP®, CEP®

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

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\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* You cannot invest directly in an index.

\* Consult your financial professional before making any investment decision.

\* Stock investing involves risk including loss of principal.

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