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Pitre Wealth Management Group
Weekly Market Commentary
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The Markets

It was a short week, but it wasn't quiet.

Oil prices moved higher, according to *The Wall Street Journal*, after the U.S. Energy Information Administration reported crude-oil inventories fell unexpectedly last year. Analysts had predicted oil supplies would rise.

One expert cited by *The Wall Street Journal* suggested the stockpile decline and subsequent oil price rally owed much to Gulf Coast refiners reducing inventories "to mitigate state ad valorem taxes on year-end crude stocks." If that's the case, the oil price increase may not be sustained.

Regardless, improving oil prices gave U.S. stock markets a boost. In particular, the Standard & Poor's 500 Index (S&P 500) benefitted from improving performance in the energy sector:

> "Of 80 U.S. listed oil and gas producers, all but one – a bankrupt company – rose on the day, with nearly half of the companies up more than 10 percent. Energy shares were the biggest gainers Wednesday in the S&P 500, up 3.8 percent and helped the S&P 500 on the whole gain 1.2 percent in late-afternoon trading."

Barron's reported energy stocks had gained 5 percent for the week, but were still off by about 22 percent for the year.

The Organization of the Petroleum Exporting Countries (OPEC) released its World Oil Outlook last week. *BBC* reported OPEC anticipates oil prices will begin to rise in 2016, although its producers' share of the market is expected to shrink by 2020 as rival oil-producers proved to be more resilient in the face of low oil prices than had been expected.

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Data as of 12/24/15	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.8%	0.1%	-1.0%	13.1%	10.4%	5.1%
Dow Jones Global ex-U.S.	1.9	-6.2	-6.6	0.3	-0.7	0.7
10-year Treasury Note (Yield Only)	2.2	NA	2.2	1.8	3.4	4.3
Gold (per ounce)	0.9	-10.6	-8.9	-13.6	-4.9	7.5
Bloomberg Commodity Index	1.3	-24.8	-26.1	-17.3	-13.2	-7.4
DJ Equity All REIT Total Return Index	2.0	2.6	1.7	10.6	11.8	7.2

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.

LOOKING BACK… Each week, '*The Economist Explains*' blog expounds on subjects ranging from current events to economics, from philosophical or scientific issues to everyday oddities. Let's take a quick look at a few of its headlines during 2015:

1. **Why the Swiss unpegged the Swiss franc** (January 18, 2015). Remember when the Swiss National Bank removed its currency peg last January? The Swiss franc realized double-digit gains in value and the Swiss stock market dropped.
2. **Everything you want to know about falling oil prices** (March 18, 2015). "The main reason for falling prices is increased supply from America thanks to its fracking boom, which has reduced its demand for oil imports. Other countries, notably Saudi Arabia, have been loth to curb supply lest they lose their share of the global oil market."
3. **Why so many Dutch people work part time** (May 11, 2015). More than one-half of the working population in Netherlands is employed part-time – a higher percentage than anywhere else in the world. "This is partly a relic of prevailing Christian attitudes which said that mothers should be home for tea time and partly down to the wide availability of well-paid "first tier" part-time jobs."
4. **What Greece must do to receive a new bail-out** (July 14, 2015). After challenging negotiations, Greece and its European creditors cut a deal, allowing the country to remain in the euro area.
5. **China's botched stock market rescue** (July 30, 2015). Chinese stocks lost nearly a third of their value last summer. China's authorities "resorted to heavy-handed measures to prop up swooning share prices, from pressuring banks to buy stocks to blocking big investors from selling theirs."
6. **Why is the Nobel prize in chemistry given for things that are not chemistry** (October 7, 2015)? Apparently, five of the last 10 Nobel chemistry prizes have been awarded for pursuits that might better be described as biology. A possible explanation is "the diversity of chemistry prizes reflects the fact that chemistry is found everywhere…"

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7. **How the Fed will raise interest rates** (December 14, 2015). Just as the Fed employed unconventional monetary tools to stimulate the economy, it is using new policy tools to try to increase the Fed funds rate.

We hope 2015 has been a memorable and rewarding year for you, and we look forward to working with you in the New Year.

Weekly Focus – Think About It

"It is not enough to have a good mind; the main thing is to use it well."

--Rene Descartes, French philosopher, mathematician, and scientist

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.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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* Consult your financial professional before making any investment decision.
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