Weekly Market Commentary
November 9, 2015

The Markets

And, the Bureau of Labor Statistics (BLS) said…

U.S. job growth surpassed expectations in October. About 271,000 jobs were created across diverse industries: professional and business services, health care, retail, construction, and others. That was a significantly higher number than predicted by economists who participated in a survey conducted by *The Wall Street Journal*. They expected to see 183,000 new jobs for October.

The BLS revised August and September jobs numbers higher overall and reported improvement on the wage front, too. Average hourly earnings increased by nine cents during October. For the year, hourly earnings are up 2.5 percent. Rising wages and a 5 percent unemployment rate "appear to indicate the labor market has reached full employment," reported *Barron's*.

Strong employment data supports the idea the Fed will begin to lift the Fed funds rate this year. On Friday, former Chairman of the Federal Reserve Ben Bernanke wrote in his blog:

> "Wednesday was something of a trifecta for Fed watchers: Chair Yellen, Board Vice-Chair Stanley Fischer, and Federal Reserve Bank of New York president Bill Dudley (who is also the vice chair of the Federal Open Market Committee) all made public appearances. Moreover, the comments by all three members of the Fed's leadership explicitly or implicitly supported the idea that a December rate increase by the FOMC is a distinct possibility. (The possibility of a rate increase is even more distinct with this morning's strong job market report.)"

Markets responded swiftly, according to *The Wall Street Journal*, as investors repositioned their portfolios in anticipation of a rate hike. While stock market indices remained relatively steady, there was considerable volatility within certain sectors. An expert cited by the publication commented:

> "…one of the big rotation trades on Friday was investors taking money out of companies such as utilities and real-estate-investment trusts, and putting it into those that are expected to benefit from higher rates, such as financial companies."

Data as of 11/6/15	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	1.0%	2.0%	3.4%	13.7%	11.4%	5.6%
Dow Jones Global ex-U.S.	-1.0	-4.2	-5.6	2.4	-0.4	1.5
10-year Treasury Note (Yield Only)	2.3	NA	2.4	1.7	2.6	4.6
Gold (per ounce)	-4.7	-9.2	-4.9	-13.7	-4.8	9.1
Bloomberg Commodity Index	-2.5	-18.3	-27.1	-15.7	-11.1	-6.5
DJ Equity All REIT Total Return Index	-1.9	-0.3	3.1	10.4	10.6	7.6

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.

IT WASN'T JUST ABOUT THE BUDGET. Last week, the bipartisan budget bill was signed into law, averting a U.S. default and deferring further battle over debt and spending levels until presidential and congressional elections are over, according to *U.S. News & World Report.*

The new law includes provisions that *CBS Money Watch* said are likely to strengthen Social Security and Medicare by improving the programs' finances. Since the provisions also have the potential to reduce benefits for some Americans, they may not prove to be all that popular. Here are two of the changes that affect Social Security benefits:

- **File-and-suspend strategies will be limited in 2016.** This change could cost some Americans up to $50,000 in lifetime Social Security benefits, according to *PBS News Hour*. The strategy entails having a husband or wife file for Social Security benefits at full retirement age and then suspend the benefits immediately. This allows a spouse to claim a spousal benefit, while the husband or wife receives delayed retirement credits.

  Effective May 1, 2016, no one will be able to voluntarily file and suspend benefits to make a spousal benefit available to a spouse or to protect the right to file for retroactive benefits.

- **Restricted application strategies will not be an option after 2015.** Restricted application also is a Social Security claiming strategy. It allows an applicant to receive spousal benefits while earning delayed retirement credits until age 70. Americans who meet age requirements in 2015 can employ the strategy; younger Americans cannot.

If you are currently employing these strategies, you are probably grandfathered. We'll know more when the Social Security Administration offers some insight as to how the new rules will be interpreted. That's expected to happen before the end of the year. In the meantime, if you have questions about how this may affect your retirement plans, please contact your financial advisor.

Weekly Focus – Think About It

"The easiest thing to be in the world is you. The most difficult thing to be is what other people want you to be. Don't let them put you in that position."

--Leo Buscaglia, American author and motivational speaker

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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.
* 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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