

Commentary

The Markets

Last week offered some lessons in career management, economics, and investor impulse, among other things. Derek Jeter, the well-loved Yankees shortstop, finished the final home game of his career by smacking a game-winning hit. Throughout his last season, ticket prices for Yankees games soared on the secondary market with \$16 bleacher seats selling for more than \$200. By the end of the season, ticket vendors were asking as much as \$11,000 a seat.

On the other coast, Bill Gross, renowned bond guru, did not retire. Gross left the firm he helped found for a smaller money manager. Shares of stock in his new company rose about 43 percent as investors anticipated the potential inflow of new assets. They also anticipated an outflow of assets from his old firm, according to *Barron's*, which caused yields on Treasuries and corporate bonds to move higher on Friday, pushing prices south.

Gross's shifting alliance wasn't the only thing churning bond markets last week, however. Trepidation about global economic growth and geopolitical matters (e.g., Russia vs. Ukraine, etc.) had investors fleeing to "safe assets" earlier in the week. That pushed Treasury yields lower and prices higher. *Barron's* reported:

"Thursday's markets were all about a flight from risk, in part because of reports of a Russian draft law to confiscate foreign-owned assets in retaliation for Ukraine sanctions. More important is the message from "Dr. Copper," suggesting weakness globally, whether in faltering Europe or slowing China. All of which suggests it will be an even more "considerable time" until the Federal Reserve raises interest rates."

Volatility may be the name of the game for a while. *Bloomberg* suggested looking backward for guidance about the future. In 2013, Fed Chairman Ben Bernanke suggested tapering could begin sooner than expected. Treasury yields leapt by 1 percent as the market threw a "taper tantrum." Just last week, Chairwoman Janet Yellen warned markets the Federal Open Market Committee statement was not a promise about the timing of rate hikes. *Bloomberg* said investors remained complacent. Apparently, they weren't concerned unexpected economic strength in the United States could move the timetable forward.

At the end of the week, the Commerce Department reported economic growth was more robust than originally thought during the second quarter. The economy grew at the fastest rate in more than two years.

Data as of 9/26/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.4%	7.3%	16.7%	19.5%	13.3%	6.0%
10-year Treasury Note (Yield Only)	2.5	NA	2.6	1.9	3.3	4.0
Gold (per ounce)	-0.5	1.0	-9.0	-8.8	4.1	11.5
Bloomberg Commodity Index	-0.3	-5.2	-6.7	-6.0	-0.8	-2.3
DJ Equity All REIT Total Return Index	-1.0	14.0	12.2	16.1	15.4	8.7

S&P 500, 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.

DO YOU HAVE WHAT IT TAKES? If you're about 74 inches tall, have a deep voice, and have run a marathon, you may. *The Economist's* recent article, *Look of a Leader*, found, "It is remarkable, in this supposed age of diversity, how many bosses still conform to the stereotype." The article included a mixture of studies describing the characteristics of chief executive officers (CEOs) and other leaders:

- 30 percent of Fortune 500 companies' CEOs are 74 inches or taller (less than 4 percent of Americans are that tall).
- Voice quality was more important than content when people were asked to evaluate executive speeches.
- Male CEOs with the deepest voices earn \$187,000 more each year, on average.
- Companies with CEOs who had finished marathons were worth about 5 percent more, on average, than those with CEOs that had not.

Don't worry. All is not lost. Those who have not been gifted with height, athleticism, and lower voice registers can give themselves a leg up by adopting power poses. Amy Cuddy, a Harvard professor (who delivered an exceptionally popular TED talk in 2012),

has found non-verbal expressions of power dominance (body language) can influence other people's perceptions and our own well-being:

"There's one very important thing everyone should do before heading into a job interview, giving a big speech, or attempting an athletic feat... Everyone should spend two minutes power posing. What, you ask, is power posing? It is adopting the stances associated with confidence, power, and achievement – chest lifted, head held high, arms either up or propped on the hips."

These poses can change body chemistry. High-power poses increase levels of testosterone and decrease levels of cortisol (a stress hormone), helping people feel more confident. Low-power poses, on the other hand, increase cortisol levels, causing people to feel more stressed. If you're after an executive-level position competing with equally qualified candidates, power poses could give you an edge.

Weekly Focus – Think About It

"Your image isn't your character. Character is what you are as a person."

--Derek Jeter, New York Yankee's recently retired shortstop

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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.

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* 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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