

Commentary

October 24, 2016

The Markets

“Verrry interesting.”

Arte Johnson’s catch phrase from *Rowan & Martin’s Laugh-In* may not have described U.S. stock markets last week, but there were some interesting economic, cyber-security, and consumer developments around the world.

Major U.S. stock indices finished the week slightly higher. Experts, cited by *Barron’s*, suggested markets seemed tired and were waiting for clarity around the U.S. election outcome, Federal Reserve rate increase, and corporate quarterly earnings.

Across the pond, opposition from Wallonia (a dairy-producing region of Belgium) killed trade negotiations between the European Union and Canada. *The New York Times* suggested the collapse of trade talks could signal a new chapter in modern history:

“Liberalized trade has amplified economic growth, but the spoils have been largely monopolized by wealthy and corporate interests. Recriminations over the resulting economic inequalities are now so ferocious that modern history has been altered: The phase of globalization that began with the ending of World War II is essentially over.”

Another modern development – the Internet Everything (think unsecured DVRs, CCTV cameras, baby monitors, home routers, and other unsecured devices) – may have helped facilitate a cyber attack on an Internet performance management company last Friday. The hack disrupted access to some major websites. *Financial Times* explained cyber criminals infected the devices without the owners’ knowledge.

Finally, we learned food doesn’t have to be gold-foiled to be outrageously expensive. *AdWeek* wrote:

“...To go along with the supposed epicurean majesty of its beverage, St. Erik’s Brewery created a very high-class snack – potato chips featuring rare Nordic ingredients and sold in a pack of five for a whopping \$56.”

The first 100 boxes sold out in a week!

Data as of 10/21/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor’s 500 (Domestic Stocks)	0.4%	4.8%	6.1%	7.1%	11.6%	4.5%
Dow Jones Global ex-U.S.	0.8	2.7	-0.5	-3.0	2.5	-0.5
10-year Treasury Note (Yield Only)	1.7	NA	2.0	2.6	2.2	4.8
Gold (per ounce)	1.1	19.2	8.5	-1.3	-5.1	8.1
Bloomberg Commodity Index	-0.3	9.6	-2.4	-12.4	-9.9	-6.4
DJ Equity All REIT Total Return Index	0.6	8.8	9.5	10.8	13.3	5.5

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.

AN UNUSUAL CAREER OPPORTUNITY. Do you have a friend or family member who prioritizes blogging, tweeting, or posting videos above doing homework, attending family dinners, or going out? It’s possible they’ve recognized an economic opportunity you haven’t considered: social media marketing.

Many social media influencers are celebrities, and they’re paid well for including brands and products in their posts. A celebrity with 100,000 followers may receive \$2,000 to \$12,500 – depending on the social media platform – to mention a product or service. If they reach one million followers, that amount increases to \$20,000 to \$125,000.

Celebrities are not the only “influencers.” In fact, non-celebrities carry more weight with some consumers. A survey from *CollectiveBias* found:

“...30 percent of consumers are more likely to purchase a product endorsed by a non-celebrity blogger than a celebrity. Of that number, 70 percent of 18 to 34 year-olds had the highest preference for “peer” endorsement.”

Clearly, peer endorsements are valuable, too. Inc. suggested the going rate for social media influencers is \$25 to \$75 per thousand followers, and some people earn much more:

"...It's been reported that beauty guru [name removed] earns \$3 million a year. Comedy duo [name removed] rakes in \$8.5 million annually. And the richest influencer of them all, [name removed], earns a cool \$12 million dollars a year."

Wielding influence online remains a relatively new industry and pay often depends on how valuable the influencer perceives his or her endorsement to be.

Weekly Focus – Think About It

"Success is often achieved by those who don't know that failure is inevitable."

--Coco Chanel, Businesswoman and fashion designer

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- * 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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