

Commentary

January 23, 2017

The Markets

Markets weren't quite sure which direction to move last week.

The Trump rally, which lost some steam, gained momentum early in the week. The Standard & Poor's 500 Index finished January 19, the day before the inauguration, with its biggest election-to-inauguration gain since Bill Clinton won a second term in 1996, according to *MarketWatch*, and the Dow Jones Industrial Average remained within striking distance of 20,000, according to *Yahoo!Finance*.

On Friday, President Trump delivered his inauguration address, but it didn't resolve the uncertainty that has been nagging investors. The speech mentioned infrastructure activity, brushed over stimulus spending and tax cuts, and leaned heavily into protectionism. Mr. Trump said:

"America will start winning again, winning like never before. We will bring back our jobs. We will bring back our borders. We will bring back our wealth. And we will bring back our dreams. We will build new roads, and highways, and bridges, and airports, and tunnels, and railways all across our wonderful nation. We will get our people off of welfare and back to work – rebuilding our country with American hands and American labor. We will follow two simple rules; buy American and hire American."

The market response to Friday's speech was subdued, according to *Financial Times*:

"...with U.S. stocks edging higher, Treasuries putting in mixed performances and the dollar easing back against its main rivals. Oil prices rose sharply amid hopes that producers would show compliance to a global deal to cut output. Gold initially struggled for traction but held above the \$1,200 an ounce mark."

All major U.S. stock markets finished the week slightly lower, and 10-year Treasury yields finished the week slightly higher.

Data as of 1/20/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.2%	1.5%	22.2%	7.2%	11.5%	4.8%
Dow Jones Global ex-U.S.	-0.5	2.5	18.2	-2.6	2.3	-1.1
10-year Treasury Note (Yield Only)	2.5	NA	2.0	2.8	2.0	4.8
Gold (per ounce)	0.9	3.6	9.0	-1.5	-6.2	6.5
Bloomberg Commodity Index	-0.2	1.0	21.3	-10.9	-9.0	-5.8
DJ Equity All REIT Total Return Index	0.7	0.8	18.8	11.8	11.3	4.7

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.

TREMENDOUS. AWE-INSPIRING. GROUNDBREAKING. OVERWHELMING. Those were just a few of the adjectives used to describe 2017's Consumer Electronics Show (CES), which showcased all kinds of new technology. This year, gadgets and gizmos included wall-sized televisions that are as thin as house keys, computers that scan 2D and 3D objects, and beds that read biometric clues to warm your feet and reduce snoring. Here are a few notable trends that captured media attention:

Smart cars. *Black Enterprise* reported, "If there was one, star attraction at CES this year, arguably it was vehicles... Artificial intelligence is the power behind the new crop of autonomous, assistive vehicles. These cars not only self-drive, they can read your emotions, make snap decisions in the presence of danger on the road, and can even tell you about the flora and fauna at your destination site."

Smarter homes. *CNET Magazine* wrote, "For... years, we've been saying the "real" smart home is just around the corner. But at CES 2017, it finally felt more tangible than ever before... Whether it's lighting, DVRs, refrigerators, robot vacuums, home security systems, phones, or cars – to name just a few – the list of stuff you'll be able to interact with... is set to explode in the coming months. And with such networked integration now becoming the rule rather than the exception in major appliances... there's no turning back."

Even smarter routers. *Popular Science* liked a new Wi-Fi router that "...rather than protecting each of your devices individually... will use... software to protect up to 20 laptops, computers, tablets, or smartphones – and an unlimited number of IoT devices – in one fell swoop... You'll be able to

monitor...all devices connected to the router, through a smartphone app... You can even tell the router to turn off internet access to certain devices – or devices linked to a particular profile – at certain times. So, you can make sure little Johnny isn't up all night watching YouTube videos on any of his devices (except for his phone, maybe, but that's your own dang fault for getting the kid a data plan).”

Of course, trends in technology are just one American story. Another trend, in some states, is the growing popularity of rural, sustainable, off-the-grid properties, according to NPR. “Despite the remoteness of these homes, they're not backwoods shacks with sagging metal roofs. Some... listings sell for more than \$1 million if there's a lot of land and if water rights are included. The one with the helicopter pad is a spiffy, two-story log home with a wraparound porch.”

Weekly Focus – Think About It

“When I dare to be powerful, to use my strength in the service of my vision, then it becomes less and less important whether I am afraid.”

--Audre Lorde, *African American writer*

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- * All indices referenced are unmanaged. 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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