RBF Weekly Market Commentary
January 12, 2015

The Markets

You may be enjoying the economic benefits of gas prices around two dollars a gallon, but last week investors were skeptical about the effect of low, low oil prices on companies' performance during 2015.

For the first time since the financial crisis, the price of crude oil dropped under $50 a barrel last week. That's less than half of its value just six months ago and one of the fastest drops in the past 30 years. Investors weren't thrilled with the change. The Standard & Poor's 500 Index (S&P 500) fell, marking the first time the index has moved lower during each of the first three days of a new year since 2005. *Barron's* described the effects of lower oil prices like this:

> "In the U.S. alone, oil's precipitous drop has had a sizable impact on expectations for corporate profits: Analysts have cut their fourth-quarter earnings forecasts for S&P 500 energy stocks by more than a quarter since the end of September while total S&P 500 earnings forecasts have come down by more than 7%... But here's the thing: Such plunges haven't been bad for stocks – or the U.S. economy, for that matter. Since 1984, oil has experienced three similar drops and each time the S&P 500 traded higher 12 months later."

Investors were plagued by mood swings last week. Their outlook improved when the Chicago Fed's Charles Evans indicated Fed rate hikes shouldn't start until 2016, which is later than consensus suggests. Many analysts believe the Fed will begin tightening monetary policy (by raising the Fed funds rate) sometime in mid-2015. Investor optimism was tempered when Friday's employment report didn't deliver as expected. At the end a volatile week, the S&P 500 was lower.

Across the pond, European Central Bank (ECB) staff presented various models for buying 500 billion Euros of investment-grade debt during 2015. No commitment was made, but expectations the ECB might introduce fresh stimulus measures in late January helped push European government bonds lower.

Data as of 1/9/15	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.7%	-0.7%	11.2%	16.9%	12.3%	5.6%
10-year Treasury Note (Yield Only)	2.0	NA	3.0	2.0	3.8	4.3
Gold (per ounce)	3.9	1.5	-0.7	-9.0	1.1	11.2
Bloomberg Commodity Index	-0.2	-0.7	-15.3	-10.2	-6.1	-3.3
DJ Equity All REIT Total Return Index	3.2	4.6	32.8	18.2	17.6	9.4

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.

BEWARE INDIRECT IRA ROLLOVERS: THE RULES HAVE CHANGED. There are a lot of reasons an investor might want to rollover an IRA. If it's something you've been thinking about, talk with us before taking action.

In general, there are two ways to rollover an IRA. Investors can choose a direct rollover or an indirect rollover. Direct rollovers, which are also known as trustee-to-trustee transfers, are pretty straightforward. The funds move from one custodian to the other and the IRA owner never touches the money.

Indirect rollovers are the potential source of trouble. Typically, with an indirect rollover (aka a 60-day rollover), a check is sent to the IRA owner. The owner cashes the check and, as long as he or she deposits the funds in another IRA within 60 days, the assets continue to qualify for special tax treatment.

In the past, IRS rules allowed investors to rollover each IRA they owned once a year. In recent years, some investors tested the limits of indirect IRA rollovers by rolling over multiple IRAs. In essence, they took 60-day personal loans from their qualified accounts. The issue came to court last year:

> "In the Bobrow case, the court held that Mr. Bobrow, a tax lawyer, was taking advantage of the 60-day rule for each IRA. He had done a series of rollovers from separate IRAs and had use of his IRA funds for almost six months. The court essentially said, "No more of this nonsense." Mr. Bobrow lost his case and that changed the interpretation of the once-per-year rule for everyone. The court said that the rule applies to all IRAs, not to each one separately. The IRS agreed and changed the rules in March."

If you rolled over more than one IRA during 2014, don't panic. The IRS provided relief for rollovers completed during 2014 when the old rules were thought to apply.

Weekly Focus – Think About It

"Many men go fishing all of their lives without knowing that it is not fish they are after."

--Henry David Thoreau, American philosopher

Best regards,

Tony Kalinowski

* 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 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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