# RBF Weekly Market Commentary
# February 3, 2014

## The Markets

If investors were fishermen, they'd probably toss January 2014 right back into the stream. At the end of the month, U.S. stocks (S&P 500) had lost 3.6 percent of their value, according to *Barron's*. Other asset classes hadn't fared well either. Bond yields fell and emerging markets were all roiled up. If you are like some fisherman (and you know who you are) and like to review portents and signs, here are a few to consider:

> **January Barometer**: The Stock Trader's Almanac's January Barometer is a theory that gives credit to the idea the performance of the Standard & Poor's 500 Index during January indicates the direction of the stock market for the remainder of the year. This year's weak performance suggests things may be headed south during 2014.
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> How accurate is it? An article on NASDAQ.com said, "The Barometer theory sounds about as scientific as spin-the-bottle and, while impressively accurate pre-1984 (70 percent accuracy on bullish calls and a whopping 90 percent accuracy on bearish calls), its accuracy on the bearish calls has declined dramatically. Since 1985 its batting average for predicting down markets has come down to a lowly 50 percent." Maybe flipping a coin would work just as well.
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> **Super Bowl indicator**: The theory goes like this: When a team from the old NFL wins, the stock market will have a winning year. If a team from the old AFL wins, markets will not do so well during the year. So, in theory, a Broncos win would cast markets in a bearish light and a Seahawks win would put them in a bullish one. Except, as *Barron's* pointed out, both teams have their roots in the AFC.
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> **The Skyscraper Curse** (tallest is negative), **The Hemline index** (shorter is positive), and **The Presidential Approval effect** (unpopular is better), **The Triple Crown indicator** (one horse winning it is negative), and **The Sports Illustrated Swimsuit Issue Cover gauge** (an American model is a positive indicator) are like chum in the water for some investors.

We would all like to be able to predict the future and, clearly, many try to do just that. As much fun as oddball indicators are, it seems likely, however, that investors' time would be better spent identifying long-term financial goals and building portfolios that can help meet those goals over time.

| Data as of 1/31/14 | 1-Week | Y-T-D | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| Standard & Poor's 500 (Domestic Stocks) | -0.4% | -3.6% | 19.0% | 11.5% | 16.7% | 4.6% |
| 10-year Treasury Note (Yield Only) | 2.7 | NA | 2.0 | 3.4 | 2.7 | 4.2 |
| Gold (per ounce) | -1.3 | 4.1 | -24.9 | -2.0 | 6.4 | 12.1 |
| DJ-UBS Commodity Index | -0.7 | 0.3 | -11.4 | -8.4 | 2.9 | -0.9 |
| DJ Equity All REIT TR Index | 1.6 | 3.6 | 2.5 | 9.6 | 21.6 | 8.4 |

Notes: S&P 500, Gold, DJ-UBS 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 TR 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.

**WHAT'S IN AN AD?** If you were one of the millions of people watching the Super Bowl on Sunday, then you probably got an eyeful of some of the most enticing advertisements television has to offer. They better be! According to experts, the average cost of a 30-second Super Bowl commercial was expected to be about $4 million this year. That's right – $4 million – up from about $3.8 million last year. Of course, it was predicted more than 100 million people would watch the game and that's a sizeable audience!

Whether a company is trying to reach a lot of people at once or target a very specific audience, advertising isn't as easy as it once was. As a recent article in *The Economist* pointed out:

> "Poor admen… Their industry is going through a particularly difficult time. Not only are they confronting a proliferation of new "channels" through which to pump their messages, they are also having to puzzle out how to craft them in an age of mass skepticism. Consumers are bombarded with brands wherever they look – the average Westerner sees a logo (sometimes the same one repeatedly) perhaps 3,000 times each day – and, thus, are becoming jaded. They are also increasingly familiar with the tricks of the marketing trade and determined to cut through the clutter to get a bargain."

A survey intended to measure the benefits of 700 brands on both personal and community levels found, "The majority of people worldwide wouldn't care if 73 percent of brands disappeared tomorrow." Americans are more skeptical than others. In the United States, people would not care if 92 percent of brands disappeared. The U.S. survey results suggested just nine percent of brands are thought to actually help improve the quality of life in America.

Are Super Bowl ads money well spent? Some say yes; others say no. A 2010 study commissioned by Fox Sports (the Super Bowl is shown on the Fox network) reported an 11 percent increase in sales of products and services advertised during the big game. The January 2014 issue of *Advertising Age* reported just 20 percent of Super Bowl ads lead to sales. Maybe the better gauge is you. Did Super Bowl ads change your purchase decisions or attitude toward a particular brand?

## Weekly Focus – Think About It

"Of life's two chief prizes, beauty and truth, I found the first in a loving heart and the second in a laborer's hand."

*--Khalil Gibran, Lebanese-American poet and author*

Best regards,

*Tony*

Tony Kalinowski

* This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.

* 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 London afternoon gold price fix as reported by the London Bullion Market Association.

* The DJ 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 TR 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.

*Stock investing involves risk including loss of principal.

* 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.

Sources:
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