

## Commentary

March 16, 2015

### The Markets

Franklin D. Roosevelt's first inaugural address was delivered in 1933 in the midst of the Great Depression. He said, "This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself – nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance."

Last week, some were speculating fear and uncertainty were behind U.S. stock market performance. The root of the problem was the word 'patient,' which *Barron's* reported is likely to be removed from the Federal Open Market Committee's statement this week, paving the way for an increase in interest rates. The publication cautioned that investors may throw a tightening tantrum and:

"That could make 2015 look a lot like 2013, the year of the so-called taper tantrum. Remember when Ben Bernanke first mooted the possibility that the Fed would curtail its bond purchases in testimony to Congress on May 22, 2013? The markets reacted with, well, horror. The S&P 500 fell 5 percent in just over a month of trading. Tapering itself, however, went off without a hitch; the S&P gained 9.1 percent from December 2013 to October 2014 as the Fed slowly cut its bond purchases."

Continued strengthening of the U.S. dollar also affected markets last week. *Reuters* reported stock prices fell, in part, because of concerns about corporate profitability in the face of a stronger dollar. Sources cited by *Barron's* pointed out, in the long run, a strong dollar is better for American companies. After all, a strong dollar increases the buying power of consumers and companies. However, investors currently seem to be focused on short-term consequences rather than long-term results.

Data as of 3/13/15	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.9%	-0.3%	11.2%	13.7%	12.3%	5.5%
10-year Treasury Note (Yield Only)	2.1	NA	2.7	2.1	3.7	4.5
Gold (per ounce)	-2.0	-3.9	-15.8	-12.0	0.9	10.1
Bloomberg Commodity Index	-3.2	-6.5	-27.5	-12.6	-5.8	-5.0
DJ Equity All REIT Total Return Index	2.0	1.3	20.8	13.6	15.3	8.9

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.

**#MAKE IT HAPPEN!** International Women's Day (IWD) was on March 8. It celebrated the economic, social, and political achievements of women in countries around the world. The United Nations explained IWD "is a time to reflect on progress made, to call for change, and to celebrate acts of courage and determination by ordinary women who have played an extraordinary role in the history of their countries and communities."

Although IWD is not a recognized holiday in the United States, American women have made great strides, particularly in the workplace. If you look back to the 1890s, when the U.S. government first began gathering detailed information about working people, there were about 63 million Americans. Twenty-three million were working-age women. (The working age, whether you were male or female, was 10 or older.) Women were a relatively small part of the paid work force – just 17 percent – as most labored in the home or alongside their families on farms, producing food and goods.

How times have changed!

The 2013 *U.S. Census Bureau American Community Survey* estimated there were more than 316 million Americans in 2012. About 103 million were working age women (ages 16 to 64) and more than 73 million women were part of the paid work force.

Women have become an integral part of American companies. In early 2015, *Catalyst* reported women who worked at Standard & Poor's 500 companies held:

- 25.1 percent of executive/senior-level management positions
- 19.2 percent of the board seats

- 4.8 percent of chief executive officer positions

In addition, the inclusion of women on corporate boards appears to correlate with better performance. *The Bottom Line: Corporate Performance and Women's Representation on Boards* compared the performance of companies which included the most women on their boards to those with fewest by measuring return on equity (ROE), return on sales (ROS), and return on invested capital (ROI). Companies with more women sitting on their boards had, on average, 53 percent higher ROE, 42 percent higher ROS, and 66 percent higher ROI.

### Weekly Focus – Think About It

“No matter what message you are about to deliver somewhere, whether it is holding out a hand of friendship, or making clear that you disapprove of something, is the fact that the person sitting across the table is a human being, so the goal is to always establish common ground.”

--Madeleine Albright, Former U.S. Secretary of

State

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- \* 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.
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