

WEEKLY MARKET COMMENTARY

For the Week of Jan. 6, 2014

THE MARKETS

U.S. stocks closed relatively flat Friday after a volatile session brought on by Federal Reserve comments that raised questions on when the central bank may end its stimulus program. Friday's close wrapped up the first week of the New Year – including two trading days in 2014 – with a slight decline from the previous week. This is the first time since 2005 that the S&P 500 started the year with two consecutive negative sessions. For the week, the Dow fell 0.03 percent to close at 16,469.99. The S&P lost 0.51 percent to finish at 1,831.37 and the NASDAQ dropped 0.59 percent to end the week at 4,131.91.

Returns Through 01/03/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.03	-0.62	26.05	15.16	15.91
NASDAQ Composite (PR)	-0.59	-1.07	33.26	15.36	20.41
S&P 500 (TR)	-0.51	-0.90	28.19	15.39	16.99
Barclays US Agg Bond (TR)	0.14	0.05	-1.58	3.31	4.56
MSCI EAFE (TR)	-0.49	-0.89	19.88	7.81	11.73

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Slowdown? – Medicare expenditures doubled over the past decade (i.e., from FY 2003 to FY 2013), increasing 7.2 percent annually to \$498 billion. However for the first two months of FY 2014, Medicare expenditures are down 1.8 percent over the same two months in FY 2013 (source: Treasury Department, BTN Research).

About The Same – The size of the U.S. economy was \$16.9 trillion as of Sept. 30, 2013, an all-time record. The size of the national debt was \$16.7 trillion as of Sept. 30, 2013 (source: Commerce Department, Treasury Department, BTN Research).

And In The Following Year – The S&P 500 was up 31.9 percent YTD (total return) through Friday, Dec. 27, 2013. The last time the index gained at least 30 percent in a calendar year was 1997 (gain of 33.4 percent). The S&P 500 then gained 28.6 percent in 1998 (source: BTN Research).

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WEEKLY FOCUS – Revisiting Real Estate as Part of Your Portfolio Review

Zillow.com just reported the combined purchase price of every home in America is more than \$25 trillion. While your investment in that figure is probably limited to one or two homes, market trends affect all homeowners. Each month, housing is the largest expense for most Americans, so large losses or gains can significantly affect long term plans.

Changes to the market, your finances or your personal situation can create a need to revisit this topic with your advisor. While the transactional side of any sale or purchase is often handled by a real estate professional, your advisor can offer advice on the financial implications of several scenarios including:

How should you handle the proceeds from the sale of a home? If you are downsizing and purchasing something smaller and more manageable, you can create a plan for any difference in cost. If you are purchasing a more expensive home, discuss the effects that will have.

Is now the time to pay off your home? Your advisor can review the option of eliminating your mortgage from your expenses or keeping those funds available for other expenses.

What are some implications of purchasing a vacation property? A review of your assets and goals can show if you are prepared for taking on this additional expense, including unseen costs such as insurance, repairs and home owner's association fees.

The past few years are a reminder the real estate market can become profitable or volatile with little notice. Now is a great time to contact our office and discuss how your home figures into your overall financial picture.



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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. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI#790478