

WEEKLY MARKET COMMENTARY

For the Week of Feb. 22, 2016

THE MARKETS

Wall Street ended flat Friday. But thanks to big gains earlier in the week, the major indexes posted their best week of the year. For the week, the Dow rose 2.75 percent to close at 16,391.99. The S&P gained 2.91 percent to finish at 1,917.78, and the NASDAQ climbed 3.85 percent to end the week at 4,504.43.

| Returns Through 02/19/16 | 1 Week | YTD | 1 Year | 3 Year | 5 Year |
|----------------------------|--------|--------|--------|--------|--------|
| Dow Jones Industrials (TR) | 2.75 | -5.47 | -6.48 | 7.92 | 8.49 |
| NASDAQ Composite (PR) | 3.85 | -10.04 | -8.53 | 11.91 | 9.71 |
| S&P 500 (TR) | 2.91 | -5.85 | -6.58 | 10.09 | 9.71 |
| Barclays US Agg Bond (TR) | 0.15 | 1.93 | 1.93 | 2.33 | 3.74 |
| MSCI EAFE (TR) | 4.44 | -9.08 | -14.27 | 0.03 | 0.42 |

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.

Near Record — The yield on the 10-year Treasury note fell to 1.66 percent on Thursday, Feb. 11, 2016, down from 2.27 percent as of Dec. 31, 2015. The all-time low yield for the 10-year note was 1.39 percent on July 24, 2012 (source: Treasury Department, BTN Research).

Faux Reduction — The fiscal year 2017 White House budget proposal claims to "achieve \$2.9 trillion of deficit reduction over 10 years." In reality, the White House plan would reduce (on paper) \$9.753 trillion of projected deficits over the next decade to \$6.845 trillion of projected deficits over the next decade (source: White House, BTN Research).

Stocks vs. Ticket Prices — Over the past 49 years (i.e., 1967-2015, or from the time of Super Bowl 1 in January 1967 to the end of last year), the S&P 500 stock index has gained 10.1 percent per year on a total return basis (source: BTN Research).

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WEEKLY FOCUS – America Saves Week

February 22 - 27 is America Saves Week, when more than 1,000 non-profit, government and corporate groups promote good savings behavior. In the spirit of this educational campaign, here are some tips to share with children or grandchildren, who are on their own or have disposable income, to help them establish good financial habits.

Plan ahead. Create some quantifiable, time-sensitive financial goals. If you don't have a monthly budget, create one. Resolve to save extra income gained with future raises or tax refunds. Use grocery ads to create a weekly menu and a list of ingredients you'll need. Stick to the list while shopping and to the menu when you're tempted to eat out frequently. Compare prices from one grocery store to another.

Delay gratification. Before putting an item in your shopping cart (in person or online), pause for 10 seconds and ask yourself if you really need it. For larger purchases, wait several weeks to evaluate your decision. From time to time, go on a month-long financial fast, only buying items that are absolutely necessary.

Time purchases. Trying to time the stock market rarely works, but many purchases are another story. You'll usually save by buying food in season and clothing out of season and by making travel arrangements in September or October, when demand is low. Shop for mattresses in May, computers in April, televisions in November and home appliances in December. Look for last year's car models between September and December, when most new models come out. Or take advantage of annual quota deadlines during the last two weeks in December – when dealers may knock up to \$3,000 off to achieve their year's sales bonuses. On a smaller scale, monthly and quarterly quotas make the end of the month another good time to shop.

Negotiate well. You wouldn't dream of paying sticker price for your next car. There are countless other items you can also try to negotiate, including furniture and appliances; mortgage or credit card rates and fees; college scholarships; auto insurance; rent; attorney and Realtor fees; medical bills; home service bids; and cable, Internet and cell phone bills.

America Saves Week is a great time to assess financial wellness, and we're happy to help your loved ones look at their situation. Just call our office to arrange a conversation with your family members on the importance of saving and investing.



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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# 1425548.1