WEEKLY MARKET COMMENTARY

For the Week of Aug.12, 2013

THE MARKETS

Stocks fell on Friday, posting their biggest weekly decline since mid-June as investors shifted their focus back to concerns that the Federal Reserve would begin to scale back its stimulus. One week ago, both the Dow and the S&P 500 ended at record closing highs. For the week, the Dow fell 1.35 percent to close at 15,425.51. The S&P lost 0.98 percent to finish at 1,691.42 and the NASDAQ dropped 0.80 percent to end the week at 3,660.11.

Returns Through 08/09/13	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.35	19.54	20.34	16.05	8.66
NASDAQ Composite (PR)	-0.80	21.22	21.25	16.65	8.68
S&P 500 (TR)	-0.98	20.14	23.30	16.97	7.85
Barclays US Agg Bond (TR)	0.14	-2.16	-1.28	3.15	5.25
MSCI EAFE (TR)	0.34	12.43	23.15	8.19	2.14

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.

Long Hours – Sixteen percent of Americans work at least 49 hours a week while 6.6 percent of workers put in at least 60 hours of work each week (source: Statistical Abstract of the United States, BTN Research).

By the Decade – The cost of living (as measured by the consumer price index) in the U.S. increased 25 percent in the decade of the ‘50s, 28 percent in the ‘60s, 103 percent in the ‘70s, 64 percent in the ‘80s, 33 percent in the ‘90s and 28 percent in the ‘00s. The CPI is a measure of inflation compiled by the U.S. Bureau of Labor Studies (source: Department of Labor, BTN Research).

The Doctor Will See You – The average American aged 65 and older makes eight visits per year to a doctor, a hospital and/or an emergency room, i.e., once every one and a half months (source: Center for Disease Control, BTN Research).

WEEKLY FOCUS – Surviving Volatile Times

Although market volatility is a normal part of investing in stocks, when the stock market goes down, you might start asking yourself "how long will this last?" and "what should I do?" For many investors, market volatility can lead to anxiety.

Regardless of how "stormy" the market might be, it's important that you remain long-term in your thinking, and that you don't give in to impulse and try to time the market when things are volatile – there's just no way to know when the best or worst trading days will occur. By taking your money out of the market when it is doing poorly, even if it's only for a few days, you may significantly decrease your returns and disrupt your long-term plans.

A decrease in stock prices can be caused by any number of reasons – shifting economic policies, rising inflation, lower-than-expected corporate profits, international events or unfavorable tax legislation. But it's helpful to remember that short-term fluctuations are quite normal and longer-term fluctuations are just as inevitable. The good news is that these periodic slides have not lasted forever. In fact, over the past 30 years, stocks have consistently rebounded from setbacks, rewarding disciplined investors with significantly higher gains. Since 1970, the stock market has dropped 10 percent or more 15 times. But over that same period, it has also risen more than 15-fold. That's more than 1,400 percent, according to BTN Research by Mick Higley.

It's human nature to get anxious at any early signs of trouble in the market. But staying calm is often the best approach. Patience and the proper diversified portfolio mix can help you better manage the natural volatility of market fluctuations.

With the recent volatility of today's marketplace you, like many others, may have questions or concerns about your individual situation. Please don't hesitate to call our office today to set up an appointment for a thorough review of your portfolio and long-term investing strategies. That way, you can be more confident about your decisions.

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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#710845