

WEEKLY MARKET COMMENTARY

For the Week of August 31, 2015

THE MARKETS

After a volatile week, the markets ended quietly Friday. Stocks were mostly higher at closing; U.S. crude prices, which had been at their lowest level in over six years, gained 17.2 percent over two days. For the week, the Dow rose 1.17 percent to close at 16,643.01. The S&P gained 0.95 percent to finish at 1,988.87 and the NASDAQ climbed 2.60 percent to end the week at 4,828.32.

Returns Through 08/28/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.17	-5.02	-0.20	10.99	13.25
NASDAQ Composite (PR)	2.60	1.95	5.94	16.20	17.52
S&P 500 (TR)	0.95	-2.07	1.66	14.57	15.74
Barclays US Agg Bond (TR)	-0.59	0.51	1.62	1.65	3.11
MSCI EAFE (TR)	-0.46	0.42	6.79	8.53	7.16

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.

Us and Them — The U.S. economy grew by 2.3 percent in the second quarter of 2015, i.e., quarter-over-quarter change expressed as an annualized result. The 19-country Eurozone economy grew by 1.3 percent in the second quarter of 2015, i.e., quarter-over-quarter change expressed as an annualized result (source: Commerce Department, BTN Research).

Stockpile Increase — The inventory of crude oil in the United States was 456.2 million barrels as of Friday, Aug. 14, 2015, up 25.8 percent in the last 12 months. The 456.2 million barrels are separate from any oil stored in the "Strategic Petroleum Reserve," which has a capacity of 727 million barrels (source: Department of Energy, BTN Research).

Last Three Months — From its Thursday, May 21, 2015, closing high of 2,131, the S&P 500 fell 7.5 percent to 1,971 on Friday, Aug. 21, 2015, its largest tumble since Nov. 15, 2012 (source: BTN Research).

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WEEKLY FOCUS – Weathering Volatile Times

Experiencing market volatility is a normal part of investing in stocks. Still, when the market goes down, it's natural to feel apprehensive and wonder how long the slide will last or what you should do. Regardless of how "stormy" the market might be, it's important to continue to think long-term and not react impulsively or try to time the market. If you take money out when the market is down, you may significantly reduce your returns and disrupt your long-term plans. There's just no way to know when the best or worst trading days will occur.

Here are a few things to keep in mind: Historically, stock market corrections have occurred about once a year. The last correction in the U.S. stock market took place in August of 2011; it's actually unusual to experience four years without an adjustment, as we recently have. Many analysts view these adjustments as a necessary evil to cool off an overheated market. Typically, corrections last three months or less. History has repeatedly shown traditional asset classes, such as stocks, bonds and bills, have all grown in the long run.

While it's impossible to identify all of the reasons a correction has occurred, market watchers attribute recent market volatility to a variety of potential causes, including: talk of possible interest rate increases, falling oil prices, China's economic slowdown and concerns about global stagnation.

It should be noted that China *crashed* recently, while U.S. equities experienced a *correction*. U.S. stocks were down just under five percent for the year as of last Monday, as measured by the Vanguard Total Stock Index Fund. The good news is that crude-oil prices remain low, the dollar is strong, and recent data showed a boost in new-home sales and improving consumer confidence.

It's human nature to get anxious when the market is troubled, but staying calm is often the best approach. While past results don't guarantee future results, knowing downturns are not unusual and have been temporary may reduce concerns. Patience and a diversified portfolio can help you better manage market fluctuations. If you have questions or concerns about your individual situation, please call our office 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#1286309.1