WEEKLY MARKET COMMENTARY

For the Week of Sept. 22, 2014

THE MARKETS

Stocks closed relatively flat on Friday even after Scotland voted to remain in the United Kingdom, quelling fears that independence could trigger financial, economic and political uncertainty. Still, earlier-in-the-week gains pushed the Dow and the S&P 500 to new record highs. For the week, the Dow gained 1.73 percent to close at 17,279.74. The S&P rose 1.27 percent to finish at 2,010.40 and the NASDAQ climbed 0.27 percent to end the week at 4,579.79.

Returns Through 09/19/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.73	6.05	13.09	17.84	14.92
NASDAQ Composite (PR)	0.27	9.65	20.86	20.57	16.51
S&P 500 (TR)	1.27	10.39	19.16	21.24	15.90
Barclays US Agg Bond (TR)	0.17	3.83	4.29	2.29	4.20
MSCI EAFE (TR)	0.03	1.39	5.84	14.04	6.93

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.

Shortage of Workers? — Job openings in the U.S. as of July 31, 2014, were 4.673 million, up 683,000 from the 3.990 million job openings that existed as of Dec. 31, 2013. The pre-recession high in job openings was 4.7 million at the end of March 2007, a number that dropped to just 2.1 million by the end of July 2009 (source: Department of Labor, BTN Research).

Worldwide — At the end of August 2014, the $24 trillion stock market capitalization of all U.S. stocks represented 36 percent of the world's $66 trillion stock market valuation (source: BTN Research).

Longer Lasting — Although it took the S&P 500 49 months to bounce back and achieve a new closing high during the current ongoing bull (i.e., the bull that started on March 10, 2009), that length of time is double the 24-month average bounce-back period following all the bears that have occurred since 1946. The current stock bull has lasted 66 months as of last Friday (Sept. 12, 2014), longer than the 58-month average of all S&P 500 bulls that have occurred since 1946 (source: BTN Research).

WEEKLY FOCUS – Stick To The Plan

Stock markets can swing hundreds of points a day in either direction, or they can continue to rise or fall every day for months. This roller coaster ride has tested even the most stoic of investors. Even consecutive gains can raise correction fears in investors. But those with a professionally prepared, long-term financial plan often fare better than most do-it-yourself investors.

Neuroeconomics, which combines neuroscience with economics and psychology, has made amazing findings about the brain and investing-related emotions using imaging technology. These studies have found that the survival wiring in your brain, which makes you desire reward and avoid risk or pain, has stronger grounding than your logical wiring. Put to the test, your desire to avoid pain – which always outweighs the desire for reward – will usually win over logic.

A financial plan can bolster your logic when your emotions want to take over. Its greatest strength lies right within its construction. Financial advisors develop your plan based on your personal situation, including your goals, your age, your assets and income, your liabilities and your tolerance for risk. Faced with volatility and the emotional desire to flee the pain of market losses or increase the euphoria of market gains, your financial advisor can take you back to the plan: Has anything changed about your personal situation as a result of the market? If not, there’s no reason to change the plan.

That’s not to say that financial plans should be created in a vacuum and then shoved in a drawer to be dusted off in 10, 20 or 30 years when you retire. Financial advisors will review your plan with you at least annually and whenever you face a life-changing event, including birth of a child, an empty nest, retirement, divorce or widowhood, illness or disability or death of a spouse, parent or child.

Will your account balance at times show a drop in value? Absolutely. No one can guarantee you will never lose money on an investment. But a detailed financial plan and the counsel of your financial advisor can give your logic the boost it needs to keep your emotions from running roughshod over your financial goals. Contact our office today to get started on building your financial plan or to review your current plan if you’ve experienced any recent life-changing events.

WEALTH HAPPENS.

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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# 1018059.1