

# WEEKLY MARKET COMMENTARY

For the Week of Dec. 8, 2014

## THE MARKETS

Markets rose on Friday after the release of a better-than-expected jobs report, pushing both the Dow and the S&P 500 to a seventh consecutive weekly advance. The report indicated strong economic growth for the U.S., but some investors are worried this growth could cause interest rates to rise sooner than expected. For the week, the Dow rose 0.78 percent to close at 17,958.79. The S&P gained 0.42 percent to finish at 2,075.37 and the NASDAQ dropped 0.23 percent to end the week at 4,780.76.

Returns Through 12/05/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.78	10.77	16.17	16.99	14.49
NASDAQ Composite (PR)	-0.23	14.47	18.54	21.65	16.85
S&P 500 (TR)	0.42	14.45	18.67	20.76	15.83
Barclays US Agg Bond (TR)	-0.53	5.30	5.26	2.72	4.17
MSCI EAFE (TR)	-0.25	3.97	7.62	11.64	7.25

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.

**Back in Time** — Home prices across the United States (based upon new and existing home sales) at the end of September 2014 were at the same level that they first reached at the end of September 2005 or nine years ago (source: Office of Federal Housing Enterprise Oversight, BTN Research).

**Problem in Two Years** — The Social Security Disability Insurance (SSDI) trust fund is projected to be depleted by the fourth quarter 2016. Payroll taxes collected on behalf of the SSDI beyond 2016 would be sufficient to pay disability benefits equal to 81 percent of scheduled benefits (source: Social Security 2014 Annual Report, BTN Research).

**More Risk, More Return** — Of the 500 individual stocks in the S&P 500, 111 have increased in value at least 25 percent YTD through the close of trading Nov. 28, 2014, while 22 of the 500 individual stocks have increased in value at least 50 percent (source: BTN Research).

# WEEKLY MARKET COMMENTARY

Page 2 of 2

## WEEKLY FOCUS – Avoid Going Into Debt for the Holidays

According to the American Research Group, Americans plan to spend an average of 8 percent more this holiday season than they did last year and nearly double their meager budgets in 2009. And while gift prices continue to increase along with the amount each person plans to spend, the Economic Policy Institute indicated that over the past 30 years the median hourly wage for Americans rose just 6.1 percent, or only 0.2 percent annually. If you aren't making more, then you shouldn't be spending more.

Unfortunately, a lot of Americans enter the holidays without a budget and tend to charge everything to their credit cards. This often leads to overspending and rapid accumulation of unexpected high-interest debt. To help save money when completing your holiday shopping this year, following the following four tips from CompareCards.com:

**Check for coupons** – Most retailers offer coupons that coincide with big shopping days. Check newspapers and online ads and be sure to print them out before shopping. Also check coupon and retailer apps for additional savings. (This also works for holiday travel expenses. Look for special deals on certain dates and use accumulated reward points and miles wherever possible).

**Create DIY gifts** – Whether it's homemade cookies, unique art pieces, or homemade household goods, loved ones appreciate the thought and time put into their one-of-a-kind gift. You can find plenty of DIY holiday gift ideas on Pinterest.com.

**Make a budget** – Before making a list, determine your budget, then make the list fit the budget even if that means making sacrifices. Mobile apps and websites like [mychristmasbudget.com](http://mychristmasbudget.com) can make planning easy.

**Pay with cash** – If using credit cards responsibly is a concern, turn the budget into cash. Seeing exactly how much of the budget has been used is a powerful way to avoid unnecessary purchases.

There is still much debate over what is more important when it comes to saving: steadily increasing your nest egg or paying off debts. One thing is for certain, you should pay off all your credit card debt as soon as possible to avoid continually paying high interest rates and fees, and you should do your best to not accumulate more debt. Holidays come at the same time every year and are never a surprise or an emergency. If you need help planning your budget for 2014 or if you want to start saving now for future holiday expenses, contact our office today for a consultation or review.



This commentary brought to you by:

### Davidson Financial Services

Anthony A Davidson, Investment Advisor Representative  
1795 Alysheba Way Suite 3101 Lexington, KY 40509  
859-245-5880 fax: 859-245-7007

[anthony@wealthhappens.net](mailto:anthony@wealthhappens.net) [www.wealthhappens.net](http://www.wealthhappens.net)

Securities offered through Securities America, Inc., Financial Advisor Member FINRA/SIPC. Advisory services offered through Securities America Advisors, Inc. Davidson Financial Services and the Securities America companies are unaffiliated.

\* 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#1074105.1