



Market Commentary March 9, 2015

Dear Investors,

If you looked at last week from the perspective of the children's book, *If You Give a Mouse a Cookie*, it might have gone like this:

If you give the United States a positive employment report, Investors are going to ask whether interest rates will move higher. When they conclude the Federal Reserve may increase rates sooner rather than later, American stock markets may dip lower...

Yes, last week was one of *those* weeks: When good news triggered not-so-good news. According to *Barron's*:

"The February jobs report, showing a 295,000 gain in nonfarm payrolls, about 60,000 more than predicted by economists, plus a dip in the unemployment rate to 5.5 percent from 5.7 percent in January, evidently was enough to convince the markets that a June Fed rate hike is now likely. The June fed-funds futures contract was pricing in a 70 percent probability of a move to 0.25 percent to 0.5 percent at Friday's settlement, up from 48 percent the day before, according to the CME."

Reuters reported the good news: A stronger U.S. economy is better for U.S. stock markets over the long term. It also gave the not-so-good news: Investors' worries the Fed could choke economic growth by raising rates too soon led to a market selloff.

As investors agitate, it may prove worthwhile to spend some time thinking about economic indicators. *The Conference Board* produces leading, coincident, and lagging economic indices which are comprised of individual leading, coincident, or lagging indicators. These indices are intended to provide insight to U.S. economic change and help identify turning points in economic data. For example:

- The leading index is an early indicator. It is intended to mark turning points before economic change occurs.
- The coincident index tends to mirror current economic performance, turning up or down along with GDP (gross domestic product) growth. One component of the coincident index is the number of employees on nonfarm payrolls.
- The lagging index tends to reflect what has already happened.

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, a registered investment advisor and separate entity from LPL Financial.

In its most recent report, The Conference Board Leading Economic Index increased which suggests a positive short-term outlook for 2015. However, the pace of increase slowed month-to-month which indicates downside risks remain.

Data as of 3/6/15	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.6%	0.6%	10.4%	15.5%	12.7%	5.4%
10-year Treasury Note (Yield Only)	2.2	NA	2.7	1.9	3.7	4.3
Gold (per ounce)	-3.2	-2.0	-12.6	-11.0	0.9	10.5
Bloomberg Commodity Index	0.0	-0.9	-22.4	-11.5	-4.9	-4.1
DJ Equity All REIT Total Return Index	-3.5	-0.7	16.9	14.1	15.4	8.4

S&P 500, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

DO YOU KNOW WHO IRVING FISHER WAS? The *Library of Economics and Liberty* described him as:

“...one of America’s greatest mathematical economists and one of the clearest economics writers of all time. He had the intellect to use mathematics in virtually all his theories and the good sense to introduce it only after he had clearly explained the central principles in words. And he explained very well. Fisher’s *Theory of Interest* is written so clearly that graduate economics students can read – and understand – half the book in one sitting, something unheard of in technical economics.”

Unfortunately, he is also known for saying, “Stocks have reached what looks like a permanently high plateau,” on October 15, 1929. Just a few weeks later, the market crashed along with Fisher’s credibility.

This is but one tale of our dismal ability to forecast. Regardless, we continue to try. Consider 2014. *The Wall Street Journal’s* survey of economists predicted 10-year Treasury rates would move higher (a unanimous opinion). There was good reason for analysts to forecast higher rates, but markets are complex and rates fell during the year. Survey participants predicted 10-year Treasury rates would finish at 3.52 percent. They finished at 2.17 percent.

Survey participants also anticipated crude oil would finish the year at about \$95 a barrel. There was little reason for anyone to suspect a significant drop in oil prices when demand for energy is relatively strong around the world. Regardless, the final closing price per barrel was about \$53.

So, when people whose jobs involve tracking economic events and financial markets find it difficult to interpret how markets may perform, what are investors supposed to do? It is felt they should remain committed to investing best practices, which include prioritizing financial goals, maintaining well-allocated portfolios, managing risk, and talking with financial advisors.

Weekly Focus – Think About It

“Start with what is right rather than what is acceptable.”

--Franz Kafka, Novelist

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783

330-434-2000 / Fax: 330-665-1515

www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, a registered investment advisor and separate entity from LPL Financial.

Best regards,



John Y. Kim, J.D., LL.M., AIF®
President

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

Securities offered through LPL Financial Member FINRA/SIPC.

- * Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
- * Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- * The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- * This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.
- * The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- * Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
- * Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- * You cannot invest directly in an index.
- * Consult your financial professional before making any investment decision.
- * Stock investing involves risk including loss of principal.

Sources:

http://en.wikipedia.org/wiki/If_You_Give_a_Mouse_a_Cookie
<http://online.barrons.com/news/articles/SB51367578116875004693704580494063947889780> (or go to
http://peakclassic.peakadvisoralliance.com/app/webroot/custom/editor/03-09-15_Barrons-Odds_Go_Up_for_Rising_Rates-Footer_2.pdf)
<http://www.reuters.com/article/2015/03/07/us-markets-stocks-usa-weekahead-idUSKBN0M22DK20150307>
<https://www.conference-board.org/data/bci/index.cfm?id=2160>

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, a registered investment advisor and separate entity from LPL Financial.

https://www.conference-board.org/pdf_free/press/PressPDF_5393_1424340004.pdf

<http://www.econlib.org/library/Enc/bios/Fisher.html>

<http://www.brainyquote.com/quotes/quotes/i/irvingfish193090.html>

<http://blogs.wsj.com/economics/2014/12/31/what-the-economic-forecasters-got-right-and-wrong-in-2014/>

<http://www.brainyquote.com/quotes/quotes/f/franzkafka119538.html>

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783

330-434-2000 / Fax: 330-665-1515

www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, a registered investment advisor and separate entity from LPL Financial.