



Weekly Commentary June 6, 2011

The Markets

Well, it wasn't exactly the best week for the U.S. economy and financial markets. Here are a few "bumps on the road to recovery" we learned last week:

- Nationwide housing prices declined again in March and are now at the lowest level since mid-2002, according to the S&P/Case-Shiller Home Price Indices.
- The Institute for Supply Management's manufacturing gauge posted its third straight monthly decline in May and its biggest one-month drop since 1984, which suggests the manufacturing sector is slowing, according to MarketWatch.
- The Conference Board's index of consumer confidence fell to 60.8 in May from 66.0 in April, which was well below the consensus of economists and suggests consumers are turning gloomier, according to *The Wall Street Journal*.
- The jobs picture turned sour in May as the unemployment rate rose to 9.1% and only 54,000 new jobs were created -- both figures were worse than expected, according to MarketWatch.

The stock market didn't like the news, either, as both the S&P 500 and the Dow Jones Industrial Average declined last week. Those two indices have now declined for five straight weeks, according to Bloomberg.

Still, some prominent market analysts think the bad news is just temporary. Byron Wien, the vice chairman of Blackstone Advisory Partners, was quoted last week in Bloomberg as saying, "Investors should be looking for buying opportunities. The economy is not as bad as it looks right now. Corporate profits will be good, very good." A June 5 *Wall Street Journal* article also pointed out some positives including "super-low interest rates, hefty corporate profit margins, and attractive prices for shares of many stable, global companies."

Regarding last week's market news, Reuters said fund managers "displayed caution, rather than distress" and "most see the recent data confirming a soft patch, or slowdown" rather than a double-dip recession.

Confused? No doubt this is a tricky time in the markets as investors can make a good argument for being either bullish or bearish. Ultimately, we don't control the markets so our focus is on helping you reach your goals through bull *and* bear markets.

Data as of 6/3/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.3%	3.4%	22.1%	-1.9%	0.5%	0.3%
DJ Global ex US (Foreign Stocks)	0.0	2.0	24.8	-4.7	1.2	5.1

10-year Treasury Note (Yield Only)	3.0	N/A	3.4	3.9	5.0	5.3
DJ-UBS Commodity Index	0.3	2.2	33.1	-8.1	-1.4	4.6
DJ Equity All REIT TR Index	-1.6	9.7	26.6	1.6	2.9	11.2

Notes: S&P 500, DJ Global ex US, DJ-UBS 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 TR 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 or not available.

AS WE CLAW OUR WAY OUT OF THE GREAT RECESSION, Americans are concerned about the future of our country. Times are difficult as we deal with budget deficits, high unemployment, weak consumer confidence, low housing prices, and high energy prices.

But, despite our challenges, there's one reason to be optimistic... the U.S. is an innovator.

Innovation holds one key to a resurgent United States. Let's look at the evolution of computers as an example of America's ingenuity:

- In the 1960s, the mainframe computer introduced distributed computing and dumb terminals into the workplace.
- In the 1970s, minicomputers essentially made mainframe capabilities available to smaller businesses.
- In the 1980s, PCs extended the reach of computing power into the home.
- In the 1990s, the internet took off and connected the world.
- In the 2000s, smartphones allowed us to take computing with us wherever we go.
- In the 2010s, the "cloud" is poised to take computing to the next level.

Source: *Scientific American Magazine*

With Silicon Valley as the nexus, the U.S. has been a leader in many of these technology innovations. And, our innovation extends beyond computer technology, too. Just consider the standard of living you have compared to your grandparents. It's like night and day. Despite many bumps and bruises along the way, the U.S. progresses.

The point is, don't count America out of the race to reclaim its "glory days." Yes, there will be more economic hardships, more partisan politics, more bear markets, and more wars. But, somehow, we will find a way to regroup and march on. The future of the U.S. may not look like its past... it could be even better!

Weekly Focus – Think About It

"Success requires enough optimism to provide hope and enough pessimism to prevent complacency." --David G. Myers, *Social Psychologist*

Best regards,



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* These views are those of PEAK, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.

* 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 DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.

* 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 London afternoon gold price fix as reported by the London Bullion Market Association.

* The DJ 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 TR 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.

* Past performance does not guarantee future results.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.