Weekly Market Commentary
January 19, 2016

The Markets

We all have our pet peeves, and if there is one thing markets do NOT like, it is uncertainty. Unfortunately, we entered 2016 with a lot of unanswered questions:

- How much has China's growth slowed? How will the country's slower growth affect companies and investments around the globe?
- How will the Federal Reserve's changing monetary policy affect the U.S. economy? How many times will it raise rates during 2016? Will the Fed change course?
- Will oil prices continue to move lower? Will they move higher? How could changing oil prices affect economic growth?
- How is the sharing economy (renting rooms in a home, offering rides for a price, sharing goods like automobiles and bikes) affecting economic growth in the United States?
- How will demographics – particularly the changing ratio of working people to retired people – affect economic growth?
- How will geopolitical risks affect markets during 2016?

Amidst all of this uncertainty, the words 'market correction' (a drop of at least 10 percent in the value of the market) and 'bear market' (a drop of 20 percent or more in the value of the market) are being bandied about frequently. According to *Barron's*, the Standard & Poor's 500 Index finished last week in correction territory. So, are we headed for a bear market? That remains to be seen.

Bear markets often are accompanied by recessions, and few experts believe a recession is likely in the United States during 2016. Historically, there have been bear markets which have occurred without a recession. These have lasted, on average, for about five months. That's far shorter than the 20-month average length of bear markets that come in tandem with recessions.

One expert cited by *Barron's* commented on the market downturn, "If there's a silver lining, it's that the market is a lot cheaper than it was a few months ago. The S&P 500 trades at 15.9 times 12-month forward earnings forecasts…back where valuations were at the beginning of 2014. That means there are values to be had."

Data as of 1/15/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.2%	-8.0%	-5.6%	8.5%	7.7%	3.9%
Dow Jones Global ex-U.S.	-3.4	-9.3	-14.1	-4.1	-3.3	-0.7
10-year Treasury Note (Yield Only)	2.0	NA	1.8	1.8	3.4	4.3
Gold (per ounce)	-0.7	3.0	-13.1	-13.3	-4.3	7.1
Bloomberg Commodity Index	-4.2	-6.5	-27.8	-19.3	-14.6	-8.0
DJ Equity All REIT Total Return Index	-2.7	-5.6	-8.5	7.4	10.0	6.3

S&P 500, Dow Jones Global ex-US, 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.

INVESTING DURING THE PAST COUPLE YEARS HAS BEEN LIKE driving down a rutted dirt road in a car with worn shock absorbers: fraught with jarring ups and downs. At times like these, it can be helpful to look back and realize we have weathered difficult markets in the past.

A good starting point may be August 1979 when the headline on the cover of *BusinessWeek* declared equities (stocks) were dead. The accompanying article explained, "The Dow Jones industrial average set its all-time high of 1051 in 1973, but since then it has sunk nearly 20 percent to its current 830." More recently, *Bloomberg* discussed the circumstances that led to the article:

> "At the time the story was written, the stock market had sustained serious losses and the long-term health of the U.S. economy was a significant concern. The story has aroused some controversy over the years, as the stock market staged a strong comeback in the decades that followed its publication. But few, if any, market forecasters were willing to call such a recovery at the time, and the story provides a telling look at how inflation had ravaged the market landscape – and investor psychology – at the close of the 1970s."

Since the 1970s, we've weathered a few other crises of note:

- On **Black Monday**, October 19, 1987, the Dow lost 22.6 percent of its value in a single day. Major U.S. indices finished the day at about:
  - Dow: 1,739
  - Standard & Poor's 500 Index (S&P 500): 225
  - NASDAQ: 360

- When the **Dotcom bubble** burst, the value of the NASDAQ Composite Index (which is sometimes considered a proxy for technology companies) bottomed on October 9, 2002. The major indices finished the day at:
  - Dow: 7,286
  - S&P 500: 777
  - NASDAQ: 1,114

- On June 30, 2009, the month the **Great Recession** ended, the major indices closed at about:
  - Dow: 8,447
  - S&P 500: 919
  - NASDAQ: 1,835

- Last week, after the worst start to a year on record, the major indices finished the week at about:
  - Dow: 15,988
  - S&P 500: 1,880
  - NASDAQ: 4,488

It’s an uncomfortable fact, but stock markets can be volatile. They move up and down, although historically, market values have tended to increase over time. That’s one reason it’s important to build and maintain a well-allocated, diversified portfolio grounded in your risk tolerance and financial goals. Diversification does not assure a profit or protect against losses, but it may help reduce the impact of market fluctuations on the value of your portfolio over time.

Weekly Focus – Think About It

“The most difficult thing is the decision to act, the rest is merely tenacity. The fears are paper tigers. You can do anything you decide to do. You can act to change and control your life; and the procedure, the process is its own reward.”

--Amelia Earhart, Aviation pioneer

Best regards,

Scott Lebin

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.

Investment Advisor Representative with and Securities and Investment Advisory Services offered through Transamerica Financial Advisors, Inc. (TFA) member FINRA, SIPC and a Registered Investment Advisor. Non-Security products and services are not offered through TFA.

LD055807-01/16

* These views are those of Peak Advisor Alliance, and not the presenting Representative or the Representative’s Broker/Dealer, and should not be construed as investment advice.
* This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.
* 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.
* 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 Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* 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.
* To unsubscribe, please reply to this e-mail with **"Unsubscribe"** in the subject line or write us at **20 South Second Street, Geneva, IL 60134**.

Sources:
http://www.investopedia.com/terms/c/correction.asp
http://www.investopedia.com/terms/b/bearmarket.asp
http://www.barrons.com/articles/dow-s-p-500-end-week-down-2-2-1452927104?mod=BOL_hp_we_columns (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/01-19-16_Barrons-Dow_S%26P_500_End_Week_Down_2.2_Percent-Footnote_3.pdf)
http://www.cbsnews.com/news/will-the-u-s-economy-slip-into-recession-in-2016/
http://www.barrons.com/articles/bear-market-growl-1452927105?mod=BOL_hp_we_columns (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/01-19-16_Barrons-Bear_Market_Growl-Footnote_5.pdf)
http://www.bloomberg.com/bw/stories/1979-08-13/the-death-of-equitiesbusinessweek-business-news-stock-market-and-financial-advice
http://www.federalreservehistory.org/Events/DetailView/48
http://finance.yahoo.com/q/hp?s=%5EDJI&a=09&b=1&c=1986&d=09&e=31&f=1987&g=d
http://finance.yahoo.com/q/hp?s=%5EGSPC&a=09&b=17&c=1987&d=09&e=19&f=1987&g=d
http://finance.yahoo.com/q/hp?s=%5EIXIC&a=09&b=19&c=1987&d=09&e=19&f=1987&g=dhttp://finance.yahoo.com/q/hp?s=%5EIXIC&a=09&b=19&c=1987&d=09&e=19&f=1987&g=d
http://www.nytimes.com/2015/03/06/business/a-changed-nasdaq-makes-the-long-climb-back-to-5000.html?_r=0
http://www.investopedia.com/features/crashes/crashes8.asp
http://finance.yahoo.com/q/hp?s=%5EDJI&a=09&b=1&c=2002&d=09&e=31&f=2002&g=d
http://finance.yahoo.com/q/hp?s=%5EGSPC&a=09&b=9&c=2002&d=09&e=9&f=2002&g=d
http://finance.yahoo.com/q/hp?s=%5EIXIC&a=09&b=1&c=2002&d=09&e=31&f=2002&g=d
http://www.nber.org/cycles.html
http://finance.yahoo.com/q/hp?s=%5EDJI&a=11&b=1&c=2007&d=05&e=30&f=2009&g=d
http://finance.yahoo.com/q/hp?s=%5EGSPC&a=05&b=30&c=2009&d=05&e=30&f=2009&g=d
http://finance.yahoo.com/q/hp?s=%5EIXIC&a=05&b=30&c=2009&d=05&e=30&f=2009&g=d
http://money.cnn.com/2016/01/07/investing/stocks-markets-dow-china/
http://finance.yahoo.com/q/hp?s=%5EDJI+Historical+Prices
http://finance.yahoo.com/q/hp?s=%5EGSPC+Historical+Prices
http://finance.yahoo.com/q/hp?s=%5EIXIC+Historical+Prices
http://www.brainyquote.com/quotes/quotes/a/ameliaearh120929.html#CYpyP15jUILAEdFt.99