Weekly Market Commentary
June 13, 2016

The Markets

The British may be leaving. The British may be leaving.

Last week, the interest rate on 10-year U.S. Treasuries dropped to levels last seen in 2013. Why, you may ask, would bond yields move lower when Federal Reserve policy is to push interest rates higher? The answer can be found across the pond.

On June 23, the United Kingdom, a.k.a. Britain, will vote on whether the country should remain in the European Union (EU) or leave. *The New York Times* reported:

> "The economic effect of an exit would depend on what settlement is negotiated, especially on whether Britain would retain access to the single market for duty-free trade and financial services...Most economists favor remaining in the bloc and say that an exit would cut growth, weaken the pound, and hurt the City of London, Britain's financial center. Even economists who favor an exit say that growth would be affected in the short and medium term, though they also say that Britain would be better off by 2030."

When polling indicated voters were leaning toward leaving the EU, and bookmakers indicated a neck-and-neck race, investors got worried and sought the safety of U.S. Treasuries. That helped push Treasury yields lower.

Rates on government bonds in Europe, and elsewhere, moved lower, as well. In some cases, those rates dropped into negative territory. *Barron's* reported more than $10 trillion of government bonds had negative yields last week. Investing in 10-year Swiss government bonds cost investors about 50 basis points, while investing in Japanese 10-year government bonds cost 17 basis points.

That makes earning about 1.6 percent on a 10-year U.S. Treasury look pretty good.

Data as of 6/10/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.2%	2.6%	-0.4%	8.5%	10.5%	5.4%
Dow Jones Global ex-U.S.	-0.9	-1.0	-12.4	-1.2	-1.2	0.3
10-year Treasury Note (Yield Only)	1.6	NA	2.5	2.2	3.0	5.0
Gold (per ounce)	2.8	20.1	7.3	-2.7	-3.6	7.7
Bloomberg Commodity Index	2.1	13.2	-13.4	-12.0	-11.7	-6.4
DJ Equity All REIT Total Return Index	0.4	8.0	15.6	10.9	12.3	7.2

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.

WHO COOKED ADAM SMITH'S DINNER? It's the title of a new book and an interesting question. *The New York Times* offered two answers:

> "The first is 'self-motivated economic actors.' As Adam Smith himself famously wrote, 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.' The second is his mother. Margaret Douglas was just 28 when her husband died and Adam Smith still in utero. At the age of 2, Smith inherited his father's estate, and his mother saw that he got his dinner for the rest of her days."

Presumably, Smith's mother received no wages, so how much was her labor worth? How much is the unpaid work of parents and family caregivers worth? A couple studies have explored the issue.

First, let's consider parents.

The *Bureau of Economic Analysis* reported unpaid work at home would have boosted U.S. gross domestic product (GDP) – the value of all goods and services produced in a country – by 26 percent in 2010.

The U.S. GDP was $14,660 billion in 2010. So, the answer is about $3,812 billion or $3.81 trillion. That's slightly less than Japan's 2015 GDP ($4,123 billion) and slightly more than Germany's ($3,358 billion).

Let's turn our attention to caregivers.

The *AARP Public Policy Institute* found about 40 million family caregivers spent 37 billion hours providing care to adult family members during 2013. The value of that care was estimated to be about $470 billion. That's "as big as the world's largest company and bigger than Medicaid and out-of-pocket spending on health care."

We've mentioned before some experts don't believe GDP is an accurate measure of economic well being because it doesn't really reflect the value of all goods and services in a country. Clearly, it doesn't account for parenting and caregiving although both are important to society's well being.

How much do you suppose volunteering is worth?

Weekly Focus – Think About It

"You are not here merely to make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget the errand."

--*Woodrow Wilson, 28th United States President*

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.

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* 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.
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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. 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.
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* 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:
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