

Weekly Commentary

January 17, 2012

The Markets

The U.S. became a member last August and, now, so has most of the eurozone. Unfortunately, it's not a club you want to join.

Late last week, Standard and Poor's (S&P) announced it was downgrading the credit rating of nine of the eurozone's 16 members including behemoths France and Spain. In addition, 14 of the 16 members have "negative outlooks" which means S&P believes, "that there is at least a one-in-three chance that the rating will be lowered in 2012 or 2013." The only two countries with stable credit outlooks are Germany (no surprise) and Slovakia, a former Communist country that became an independent state in 1993 after the dissolution of Czechoslovakia.

What does this mean for the future of Europe and the economy?

The New York Times called it, "A move that may have more symbolic than fundamental financial impact, but served as a reminder that Europe's economic woes were far from over." Underscoring that, the U.S. downgrade, has – so far – not caused much of a problem. The 10-year U.S. Treasury bond yielded a slim 1.85 percent last Friday, an indication that investors still view the U.S. as a safe haven. The bottom line is everybody knows Europe has problems and the downgrade, while not helpful, simply puts an exclamation point on the obvious.

Back in the U.S., investors seemed more interested last week in tracking our economic momentum which included an eight-month high in consumer sentiment and an improved assessment of the economy from the Fed's Beige Book. Econoday summed it up nicely when they wrote, "Traders and investors have been moving toward the position that European problems deserve less weight than they have been given in recent months." That may be true in the short term, but if Europe craters because of their sovereign debt problems, it's unlikely the U.S. will escape unscathed.

Unlike Las Vegas, what happens in Europe may not stay in Europe.

Data as of 1/13/12	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.9%	2.5%	-0.3%	13.9%	-2.1%	1.3%
DJ Global ex US (Foreign Stocks)	1.3	1.5	-16.7	10.6	-4.9	4.8
10-year Treasury Note (Yield Only)	1.9	N/A	3.3	2.3	4.8	4.9
Gold (per ounce)	1.2	3.9	18.4	25.5	21.1	19.0
DJ-UBS Commodity Index	-1.4	-0.1	-13.2	7.4	-2.4	4.5
DJ Equity All REIT TR Index	1.4	1.2	8.6	26.8	-2.0	10.2

Notes: S&P 500, DJ Global ex US, Gold, 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.

THE ANNUAL CONSUMER ELECTRONICS SHOW (CES) just wrapped up in Las Vegas and, as usual, it featured a dazzling array of must-have new gizmos and gadgets that will likely show up in your hand or in your family room sometime down the road. With 2,700 exhibitors and 150,000 total attendees, it's the showcase event for everything electronic.

We thought it'd be fun to take a look at some of today's commonplace gadgets that were introduced at CES and have you guess the year of their debut. So, here goes...

What year did these devices debut at CES?

- Digital video discs (DVDs)
- Satellite radio
- Videocassette recorder (VCR)
- CD player
- Blu-ray disc
- High-definition television
- Camcorder

It's not all fun and games at a show like CES. As you can see from the list above, these devices have spawned major industries that generated tremendous economic activity. Innovation is vital for economic growth, and a show like CES helps spotlight the latest electronic advances and, perhaps, the next driver of the economy.

One of the big highlights at the just concluded show was the unveiling of LG's 55-inch OLED TV packed with 3D bells and smart TV whistles. So, what in the world is an OLED TV? It's a TV that uses a new display technology called OLED (Organic Light Emitting Diodes). OLED televisions are brighter, more efficient, thinner, and feature better refresh rates and contrast than either LCD or Plasma TVs. And boy is it thin. The LG 55-inch OLED TV is only 0.2 inches deep at its thinnest point and weighs a measly 16.5 pounds. If you're an early adopter, you'll want one of these beauties in your home theater later this year.

Okay, here are the answers to the "device debut" question, according to CNBC.

Digital video discs (1996), Satellite radio (2000), Videocassette recorder (1970), CD player (1981), Blu-ray disc (2003), High-definition television (1998), and Camcorder (1981).

How many did you correctly answer?

Weekly Focus – Think About It

"It's easy to come up with new ideas; the hard part is letting go of what worked for you two years ago, but will soon be out of date." --*Roger von Oech, author, inventor, consultant*

Sources:

<http://www.standardandpoors.com/ratings/articles/en/us/?articleType=HTML&assetID=1245327294763>

<http://www.nytimes.com/2012/01/14/business/global/euro-zone-downgrades-expected.html?hp>

<http://www.marketwatch.com/story/consumer-sentiment-highest-since-may-2012-01-13>
<http://www.marketwatch.com/story/feds-beige-book-more-upbeat-about-economy-2012-01-11>
http://barrons.econoday.com/reports/rc/2012/Resource_Center/Archives/SE-Archive/01-16-12/index.html?cust=barrons&year=2012
<http://www.cnn.com/id/45900987?slide=1>
http://www.huffingtonpost.com/2012/01/09/lg-oled-tv-55-inch_n_1194326.html
<http://www.leadershipnow.com/creativityquotes.html>

- * 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.
- * 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 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.
- * 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.
- * The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks.
- * The 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.
- * 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.
- * Consult your financial professional before making any investment decision.
- * You cannot invest directly in an index.
- * Past performance does not guarantee future results.

This Weekly Market Commentary has been provided by Peak for exclusive use by Louis W. Leskosky and John Naphor, registered representative **INVEST Financial Corporation**, member FINRA, SIPC. Information provided herein is presented for general information only and has been obtained from sources considered to be reliable, however is not guaranteed to be accurate or complete and is not meant as a solicitation for any product or security. Any expression of opinion does not necessarily reflect the opinion of Cornerstone Wealth Management, LLC, or INVEST Financial Corporation. INVEST Financial Corporation, its affiliates, officers, directors or branch offices may in the normal course of business have a position in any securities mentioned in this report.