

# Weekly Commentary

## April 18, 2011

### The Markets

There was a little excitement in the financial and political world last week...

- Gold prices hit an all-time record high.
- Silver prices hit a 31-year high.
- Oil prices traded near 32-month highs.
- The value of the dollar fell to its lowest level since late 2009 against a basket of currencies.
- China's inflation rate jumped to a 31-month high of 5.4% for the year ending in March while U.S. inflation remained in check at 2.7% for the same period.
- The president signed a bill that cut about \$38 billion from the current federal budget while the House of Representatives passed a bill to cut spending by nearly \$6 trillion over a decade.

Source: Reuters

While the high unemployment rate is still a concern, the country seems to be shifting its focus to two issues -- the budget deficit and inflation. Almost everybody seems to agree that we've got to get the budget under control, but, not surprisingly, the Democrats and Republicans have two very different ideas on how to make that happen.

Inflation, on the other hand, is a bit more curious. Judging by the government's numbers, inflation is not a problem. Yet, if you go to the grocery store or fill your car with gas, you'd think otherwise.

The rising price of oil and precious metals, and the decline of the dollar, fit nicely with this idea of the two-issue focus on the deficit and inflation. People might be buying oil and precious metals to hedge against inflation and a weak dollar while the dollar might be declining due to the deficit and the Fed's easy money policy.

In theory, this all sounds great. And, while theories may help in the investing process, we still follow our entire process in an effort to meet your goals and objectives.

<b>Data as of 4/15/11</b>	<b>1-Week</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 (Domestic Stocks)	-0.6%	4.9%	10.7%	-0.4%	0.5%	1.1%
DJ Global ex US (Foreign Stocks)	-1.4	3.4	8.9	-3.2	1.2	5.4
10-year Treasury Note (Yield Only)	3.4	N/A	3.9	3.6	5.0	5.3
Gold (per ounce)	0.5	4.7	27.9	16.7	19.2	18.9
DJ-UBS Commodity Index	-1.9	5.1	24.8	-7.1	-0.4	4.5
DJ Equity All REIT TR Index	2.3	7.2	20.5	1.9	3.2	11.8

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 or not available.

**WHAT ARE BABY BOOMERS' LATEST THOUGHTS** about retirement? Here are some highlights from a survey released by MFS Investment Management® on April 12:

- 59% of non-retired Boomers agree with the statement, “I’m more concerned than ever about being able to retire when I thought I would.”
- 50% agreed that they have lowered their expectations about what life would be like in retirement.
- 30% of Boomers reported a net decrease in the risk they were willing to take to achieve higher returns over the last 12 months; only 12% reported a net increase.
- Boomers are approximately evenly split when describing their primary investing goal: 34% reported it to be growing assets/increasing portfolio value as much as possible while 33% reported protecting principal/not losing money as their primary goal.
- Nearly four times as many Boomers would describe themselves as protective investors (37%) vs. opportunistic investors (10%).
- Only 13% of Boomers surveyed reported having \$1 million or more in median household investable assets, while, on average, retirement was within 10 years.

If you’re a Baby Boomer, do these survey results surprise you?

### **Weekly Focus – Think About It**

“Planning is bringing the future into the present so that you can do something about it now.”

*--Alan Lakein*

\* 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.

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