Weekly Market Commentary
January 17, 2017

The Markets

Around the world in a few paragraphs…

The post-election adrenaline rush may be over in the United States. Barron's reported:

> "The new year began with high hopes, with the bulls expecting the rally that began with Donald J. Trump's election victory to continue into 2017, while the bears salivated at the opportunity presented by a market that had gotten way ahead of itself. Instead, the market has failed to break up or down…At his press conference last week, Trump covered a lot of ground…But he didn't cover the three subjects investors especially wanted to hear about – namely taxes, fiscal policy, and infrastructure. As a result, some of the primary beneficiaries of the Trump trade stalled: The S&P 500 Financials index declined 0.1 percent, while the energy sector dropped 1.9 percent."

Investors in the Asia Pacific region were less optimistic last week, too. Disappointing economic and international trade data from China unsettled markets, as did uncertainty about the global trade policies the new U.S. administration will pursue. National indices for Australia, Japan, China, Indonesia, Malaysia, and the Philippines finished the week lower.

In the United Kingdom, the FTSE 100 gained for the 14th consecutive day, closing at an all-time high for the 12th time in as many days, according to *Trading Economics*. *Bloomberg* reported European shares eked out a gain for the third straight week. Financials led the way after JPMorgan Chase reported better-than-expected profits, inciting optimism about fourth quarter's earnings season.

Data as of 1/13/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.1%	1.6%	20.3%	7.7%	12.0%	4.7%
Dow Jones Global ex-U.S.	1.0	2.9	12.2	-2.3	3.2	-0.9
10-year Treasury Note (Yield Only)	2.4	NA	2.1	2.8	1.9	4.8
Gold (per ounce)	1.2	2.7	9.4	-1.6	-6.2	6.6
Bloomberg Commodity Index	-0.2	-0.2	14.0	-11.3	-9.3	-5.7
DJ Equity All REIT Total Return Index	-1.8	0.1	14.2	12.3	11.7	4.7

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.

BURGERNOMICS: HERE'S A BIG MAC INDEX UPDATE. *The Economist* invented the Big Mac index in 1986 as an entertaining way to assess whether currencies were at the "correct" levels. The index reflects the idea that countries' exchange rates should balance so the same product (in this case, a hamburger) costs the same in two different countries when the price is denominated in the same currency. After updating the index on January 11, 2017, *The Economist* reported the "all-meaty" dollar was stronger than usual:

> "The dollar is now trading at a 14-year high in trade-weighted terms. Emerging-world economies may struggle to pay off dollar-denominated debts. American firms may find themselves at a disadvantage against foreign competition. And, American tourists will get more burgers for their buck in Europe."

A Big Mac in the United States cost about $5.06 last week. In the Euro area, the price was about $4.06 and in Britain $3.73. A Big Mac is cheapest in Russia ($2.15) and most expensive in Switzerland ($6.35). Here are the prices of a Big Mac (a.k.a. the Maharaja Mac in India) in a few other locales:

Norway	$5.67
Sweden	$5.26
Brazil	$5.12
Japan	$3.26
China	$2.83
India	$2.49
Mexico	$2.23

It should be noted the Big Mac index is not a perfect measurement tool. The price of a burger should be less in countries with lower labor costs and more in countries with higher labor costs. When prices are adjusted for labor (using gross domestic product per person), the Brazilian real is the world's most overvalued currency, followed by Pakistan and Thailand. The most undervalued currencies include Egypt, Malaysia, and Hong Kong.

Weekly Focus – Think About It

"The charm of fishing is that it is the pursuit of what is elusive but attainable, a perpetual series of occasions of hope."

--*John Buchan, Former Governor General of Canada*

Best Regards,

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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.
* 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.
* All indices referenced are unmanaged. 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.

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