Weekly Market Commentary
December 27, 2016

The Markets

Missed it by that much…

The Dow Jones Industrial Average (DJIA) got within 13 points of 20,000 last Tuesday. It finished the week about 90 points below the vaunted milestone. "The Dow has gained nearly 10 percent since the end of October, more than double its 4.1 percent rise during the first nine months of the year, spurred in part by Donald J. Trump's victory in the 2016 U.S. presidential election," *Barron's* reported.

The major U.S. indices have been strong performers since early November. Many people are wondering whether they will continue to do well in 2017. *The Economist* suggested 2017 could hold a surprise that will negatively affect investors' expectations:

> "By definition, a surprise is something the consensus does not expect…investors are expecting above-trend economic growth, higher inflation, and stronger profits…So it is not too difficult to see how the first surprise might play out. Expectations for the effectiveness of Mr. Trump's fiscal policies are extraordinarily high. But it takes time for such policies to be implemented, and they may be diluted by Congress along the way (especially on public spending). Indeed, it may well be that demography and sluggish productivity make it very hard to push economic growth up to the 3-4 percent hoped for by the new administration."

On the other hand, profitability has improved. American companies have seen earnings rebound, and many companies are positioned to benefit from the corporate tax cuts promised by the new administration. However, this good news may already be reflected in current share prices. Robert Shiller's cyclically adjusted price-earnings (CAPE) ratio, a measure of valuation based on average inflation-adjusted earnings of companies in the Standard & Poor's 500 index from the previous 10 years, was at 27.99 on December 23. That's almost 70 percent above its long-term average of 16.05 and indicates markets may be overvalued.

Regardless of potential negative surprises and current market valuation, many analysts expect a positive performance from U.S. stock markets next year. *MarketWatch* reported, "Most house projections from the big investment banks and brokers converge around the S&P closing the year at 2350 – a scant 5 percent above current levels. Only one strategist…dares to suggest that 2017's gains could be as much as 20 percent."

Data as of 12/23/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.2%	10.8%	9.7%	7.4%	12.3%	4.8%
Dow Jones Global ex-U.S.	-1.2	0.8	0.4	-3.3	2.8	-1.1
10-year Treasury Note (Yield Only)	2.5	NA	2.3	2.9	2.0	4.6
Gold (per ounce)	-2.8	6.5	5.9	-1.9	-6.8	6.1
Bloomberg Commodity Index	-2.1	9.8	10.5	-12.2	-9.4	-6.3
DJ Equity All REIT Total Return Index	-0.5	7.1	7.3	12.2	11.5	5.1

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.

AMERICA'S MOST WANTED… Don't worry. Robots have not yet replaced human workers. In fact, according to *The World In 2017* (published by *The Economist*):

> "…automation seems to be pushing people from routine jobs, such as factory work, into non-routine ones, particularly those that require cognitive and social skills. Technological progress will cause a shift in the nature of jobs available and the skills they require. It is impossible to know for sure what these new jobs will be – the Luddites who campaigned against the mechanization of weaving in the early 19th century could not have imagined that new fields such as railways, telegraphy, and electrification were coming. But two tools can help us take a stab at identifying the jobs of the near future: hard-nosed statistics and predictive intuition."

So, what do statistics tell us about the new jobs young people and career changers should be preparing to do? The *U.S. Bureau of Labor Statistics* looked at current trends and projected the fastest growing jobs from 2014 to 2024 would be:

1. Wind turbine service technician (up 108 percent)
2. Occupational therapy assistants (up 43 percent)
3. Physical therapy assistants (up 41 percent)
4. Home health aides (up 38 percent)
5. Commercial drivers (up 37 percent)
6. Nurse practitioners (up 35 percent)
7. Physical therapists (up 34 percent)
8. Statisticians (up 34 percent)
9. Ambulance drivers (up 33 percent)
10. Physician assistants (up 30 percent)

Predictive intuition suggested quite a different set of careers. *The World In 2017* suggested there could be demand for drone technicians and support staff as the use of autonomous vehicles increases. There may also be demand for bot wranglers, such as 'chatbot' specialists, who help bots provide customer service through speech and text. Indoor farming may prove to be a growth industry as urban populations increase. Other career possibilities included virtual fashion designers, robo-psychologists, and synthetic tissue engineers. Clearly, there is a world of opportunity.

Weekly Focus – Think About It

"So, I'm going to challenge all of you. I want you to true your wheels: be honest about the praise that you need to hear. What do you need to hear? Go home to your wife – go ask her, what does she need? Go home to your husband – what does he need? Go home and ask those questions, and then help the people around you."

--Dr. Laura Trice, Therapist and life coach

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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