MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Per a disaster declaration by Governor Inslee, all gatherings of 5 or more are suspended. If you were planning to attend a seminar and don't wish to wait until there is a change in the restrictions please call the office for a free Financial Physical.

Be careful what you wish for. That saying may be appropriately applied to the Federal Reserve. For years the Fed has told us they want higher inflation, but for years the goal has

FINANCIAL PHYSICAL

Due to the Lock Down, Seminars are on hold. If you'd like a phone based Financial Physical, please call…

509-922-3110

OUR FINANCIAL PHYSICALS REVIEW:

1. PROTECTION
2. ESTATE PLANNING
3. TAXES
4. RETIREMENT
5. INVESTMENTS

alluded them.

That may be changing as some of the most recent data shows inflation rising, at least somewhat.

First, why does the Fed want higher inflation? Because it's the opposite of deflation. Fed Chairman Volker proved we can beat inflation, although it's extremely painful. But from Japan to the U.S. during the Great Depression, no one seems to have a cure for deflation.

The problem with inflation, though, is twofold.

1. It makes things more expensive which hurts the middle and lower income levels in the U.S. disproportionately.
2. Rising inflation means bond investors will require higher interest rates on bonds. Higher interest rates in turn will push up mortgage rates, auto borrowing rates, credit card rates, corporate borrowing rates, U.S. Treasury rates, etc.

In essence, higher rates will be a drag on the economy at the same time that Fed Chair Powell and the Biden administration are trying desperately to pump it up.

As rates rise, bond prices fall. At some point the Fed may have to choose between rescuing the bond market by slowing their money printing or the stock market by not slowing it. And remember, the bond market is much bigger and more important than the stock market.

What does that mean to you as an investor?

Assuming every market drop can be ignored since the Federal Reserve will step in with massive money printing to save the day, may become wishful thinking. And if so, the next drop may not bounce back in a matter of weeks, but instead last years like the dot.com bear market and the Financial Crisis.

We suspect interest rates will fall back in the short term. From there we'll pay close attention to which way they move.

You should too.

Protect your health and your wealth.

Where are you getting your advice?

Are they fiduciaries?

Are they a Certified Financial Planner™?

Do they have a background in accounting, tax, finance?

Do they review all areas of your financial life (like income taxes, risk management, estate planning) or just talk about stocks?

Who benefits most from their "advice"?

If you're not a client, what is your advisor telling you about our current situation? If your advisor is not discussing these issues with you, shouldn't (s)he be? How much work do you think it takes to keep up on all of this as we try to do, and how much easier do you think it would be to simply repeat over and over…

- Never sell
- You can't time the market
- You're a long term investor
- The market always comes back
- Etc., etc., etc.

Are you being told to stay invested after thoughtful analysis of world events, stock valuations, economic considerations, etc.? Or are you being told to stay invested due to a lack of thoughtful analysis of world events, stock valuations, economic considerations, etc.?

It's your money and it's your retirement.

Being told after the fact that 'everyone lost money' may make you feel better but it won't help pay your utilities.

Be careful.

If you didn't like what happened to your portfolio in the dot.com bubble or the financial crisis bubble, but you've made no moves to change the way you invest, now may be the time to seriously consider your process – NOT after the market, and your portfolio, have crashed.

Break the cycle and make your portfolio decision based on where we are likely headed, not on where we've recently been.

If we can help, call our office now and set up a no obligation review.

We think investing today must include a defensive strategy and system. It's this system that helps us decide when "enough is enough" and that it is time to protect your portfolio. If you don't have a system you should consider

it now. Regardless of what happens over the next week, month or several months, stocks are overvalued in our opinion and eventually they will reset with a significant market decline.

Remember, we have a feature on our website: www.Moultonwealth.com to help you measure your risk tolerance. The problem with trying to decide how much risk to take is we all want to be aggressive when the market is going up, but conservative when it's going down. That's why a sell discipline is important. However, the first line of defense is always our allocation. This approach to measuring risk gives a number by making investors trade off gains and losses. Just click the button to see where you stand.

On to this week's data…

U.S. Markets: The major U.S. benchmarks pulled back sharply in response to a steep rise in longer-term treasury interest rates. The S&P 500 recorded its biggest weekly decline in a month, while the technology-heavy NASDAQ Composite suffered its worst drop since October. The narrowly-focused Dow Jones Industrial Average shed 562 points finishing the week at 30,932, a decline of -1.8%. The NASDAQ Composite ended the week down -4.9%. By market cap, the large cap S&P 500 declined -2.4%, while the mid cap S&P 400 and small cap Russell 2000 retreated -1.5% and -2.9%, respectively.

International Markets: Major international markets sold off last week as well. Canada's TSX declined -1.8%, while the United Kingdom's FTSE ended down -2.1%. On Europe's mainland, France's CAC 40 gave up -1.2% and Germany's DAX shed -1.5%. In Asia, China's Shanghai Composite plunged -5.1%, and Japan's Nikkei gave up -3.5%. As grouped by Morgan Stanley Capital International, developed markets ended down -2.9%, while emerging markets dropped a rather large -6.6%.

Commodities: Precious metals were no port in the storm of declining equities markets, and sold off along with the broader indexes. Gold declined by -$48.60 to $1728.80 an ounce, a decline of -2.7%, while Silver fell -$0.81 to $26.44 an ounce, down -3.0%. Energy continued its rise. West Texas Intermediate crude oil finished the week up 3.8% to $61.50 per barrel. The industrial metal copper finished the week up 0.5%.

February Summary: For the month of February, the Dow rose 3.2% and the NASDAQ added 0.9%. The S&P 500 rose 2.6%, while mid-caps and small caps surged 6.7% and 6.1%, respectively. Canada rose 4.2% and the UK added 1.2%. France and Germany rallied 5.6% and 2.6%, respectively. In Asia, China ticked up 0.7%, while Japan jumped 4.7%. Developed markets finished the month up 2.2%, while emerging markets added just 0.8%. Gold and silver finished the month down -6.6% and -1.7%, respectively, while the "economy reopening" plays did just fine: Copper gained 15.0% and Oil rallied 17.8%.

U.S. Economic News: The number of Americans filing first-time unemployment benefits fell last week, but the labor market remains under pressure. The Department of Labor reported initial jobless claims fell to 730,000 for the week ended February 20th. That was well below the 845,000 economists had expected, and a sharp decline from the previous week. Despite the decline, jobless claims remain far above their levels from just before the onset of the coronavirus pandemic. Continuing claims decreased by 101,000 to 4.42 million, the lowest reading since March 21st of last year.

A recent Conference Board survey suggests that the U.S. economy is still growing and likely to accelerate in the next six months. The Conference Board reported its Leading Economic Index (LEI) rose 0.5% last month, following gains of 0.4% and 0.9% the prior two months. The survey noted that as vaccinations accelerate, labor markets and overall growth are likely to continue improving. Ataman Ozyildirim, senior director of economic research at the board stated, "While the pace of increase in the U.S. LEI has slowed since mid-2020, January's gains were broad-based and suggest economic growth should improve gradually over the first half of 2021."

Home prices rose at their fastest pace in seven years according to a widely followed real estate barometer. The S&P CoreLogic Case-Shiller 20-city home price index posted a 10.1% annual gain in December—a 9.2% increase from the previous month. On a monthly basis, the index increased 0.8% between November and December. Selma Hepp, deputy chief economist at CoreLogic noted it was the first time home prices saw a double-digit year-over-year increase since January 2014. Additionally, the broader S&P Corelogic Case-Shiller national price index, which covers the entire country, demonstrated a 10.4% gain year-over-year in December, up from 9.5% the prior month. Prices rose in 18 of the 20 large cities tracked by Case-Shiller. Phoenix, Ariz. experienced the largest price increase for the 19th consecutive month with a 14.4% increase, followed again by Seattle (13.6%) and San Diego (13%).

Sales of newly built homes rose as the number of buyers outpaced the number of homes available for sale. On an annual basis, sales of new homes were up 19% to 923,000 in January, according to data from the U.S. Census Bureau. That was 4.3% above the annual rate of 885,000 in December. The reading exceeded analyst expectations of 850,000. In the details, new-home sales rose across most parts of the country led by a 12.6% increase in the Midwest. The Northeast was the only region where sales declined—dropping nearly 14%. Inventory dropped to just a four-month supply. A six-month supply of homes for sale is generally considered a "balanced" housing market. The median price of a new home was $346,400 in January, down 2% from December.

Orders for goods expected to last at least three years, so-called "durable goods", posted their biggest gain in six months in January—a good sign for the economy going forward. The Census Bureau reported durable goods orders rose 3.4% last month. Economists had expected just a 1% advance. Orders have now returned to their pre-crisis levels, reflecting a shift among consumers towards the purchases of goods such as new cars, appliances, electronics and so forth. The report shows the increase in orders was led by a large increase in orders for passenger jets and military hardware. Excluding transportation, durable-goods orders rose a more modest 1.4%. “Core orders”, which excludes the often volatile defense and transportation segments edged up 0.5% in January—its ninth consecutive increase.

In prepared remarks for the Senate Banking Committee, Federal Reserve Chair Jerome Powell said inflation and employment remain well below the Federal Reserve’s goals, meaning easy monetary policies are likely to stay in place. Despite a sharp rise in bond yields this year that has heightened concern over inflation, Powell said price pressures remain mostly muted and the economic outlook is still “highly uncertain”. The economy is a long way from our employment and inflation goals, and it is likely to take some time for substantial further progress to be achieved,” the Fed chief said. The Fed last year revised its approach to inflation. In the past, it would levy preventive rate hikes when it saw unemployment drop, thinking that a stronger job market would push up prices. Now, it has adopted an approach in which it will allow inflation to average above 2% for a period of time before moving to tighten policy.

A measure of business conditions in the Chicago area retreated in February from a strong reading in the prior month. MNI Market News International reported its Chicago Business Barometer softened to 59.5 in February from a strong 63.8 reading in January. The January reading was its highest since July 2018. Economists had expected the index to slip, but only to 61. Still, readings above 50 indicate improving conditions. The index, also known as the Chicago Purchasing Managers Index, is the last of the regional manufacturing indices before the closely-watched national ISM data for February is released next week. Lewis Alexander, chief economist at Nomura, expects a slight decline in the ISM manufacturing index to 58.5 in February. “While we think the manufacturing sector growth outlook remains firm, power outages [mostly in Texas and Plains states] and low temperatures led to temporary disruptions in production,” he said in a note to clients.

International Economic News: Bank of Canada governor Tiff Macklem anticipates Canada’s economy will see a solid and sustained rebound this year as the number of COVID-19 inoculations continues to increase. Speaking in Alberta, Macklem stated as more Canadians are inoculated, the hardest-hit segments of the economy will be able to begin resuming operations, resulting in strong jobs growth. “Clearly getting vaccines into Canada and into Canadians is top priority,” he said. “The sooner we achieve widespread immunity and can get back to more normal activities, the stronger and more sustained will be the recovery.” Of note, addressing an audience question about the housing market, Macklem said for the first time that the central bank is starting to see signs of froth in Canada’s hot housing market. “We are starting to see some early signs of excess exuberance,” he said.

Across the Atlantic, the British government declared this week that every adult in the UK should receive their first COVID vaccine shot by July 31st—at least a month earlier than its previous target. The makers of the two vaccines that Britain is using, Pfizer and AstraZeneca, have both experienced supply problems in Europe, but UK Health Secretary Matt Hancock said he now believes they have the supplies to speed up the nationwide vaccination campaign. News of the new vaccine targets came as Prime Minister Boris Johnson met with senior ministers to finalize a “road map” out of the national lockdown.

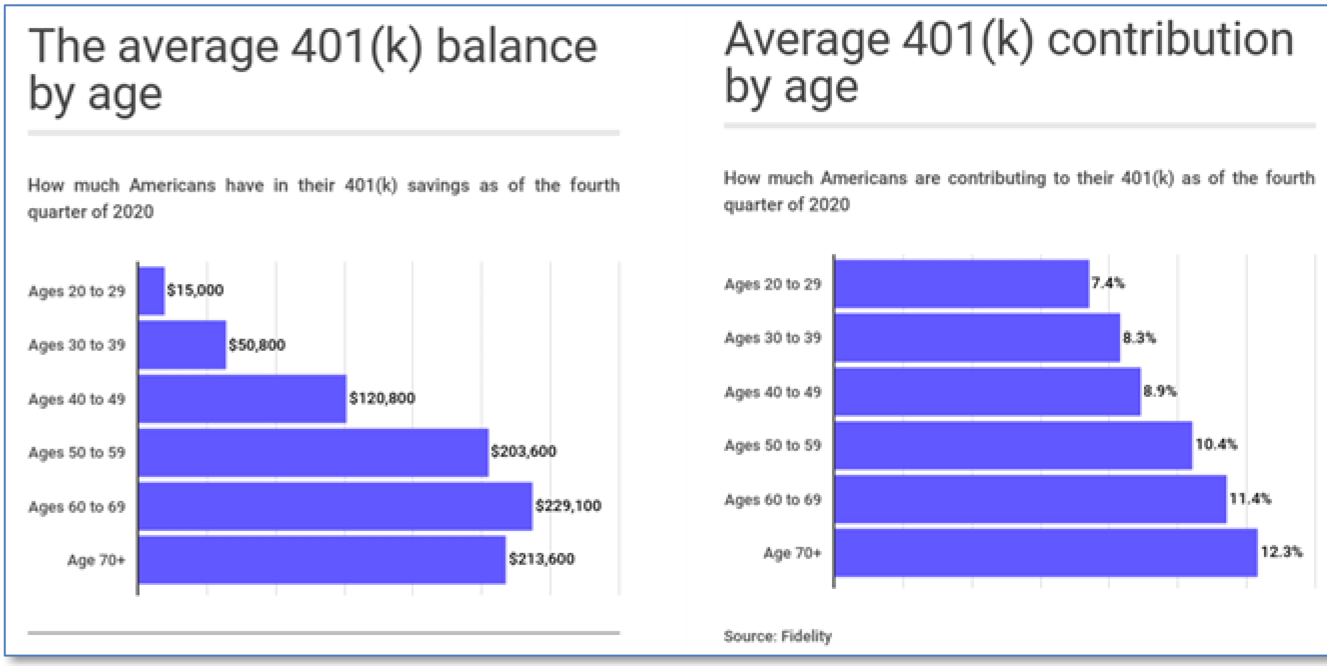
On Europe’s mainland, the French economy shrank more than expected in the fourth quarter of last year, data from the country’s statistics agency INSEE showed. In the October-December period, gross domestic product shrank 1.4% from the previous quarter--0.1 percentage point more than the preliminary estimate of a 1.3% contraction released in January. GDP contracted 4.9% from the same time a year earlier. The French economy--the Eurozone's second largest--is expected to contract again in the first quarter of 2021, as extended government restrictions to contain the coronavirus hinder economic activity.

Business morale in Europe’s economic powerhouse – Germany - bounced back from a six-month low last month, thanks to a brighter industrial outlook and well-stocked order books, recent data showed. The IFO Economic Institute reported its business climate index increased 2.1 points to 92.4 in January, hitting its highest level since October and surpassing economists’ estimates. "The German economy is looking towards recovery again," IFO economist Klaus Wohlrabe stated. Germany, once a role model for fighting the COVID-19 pandemic, has struggled with a second wave. But Wohlrabe said companies have now revised up production plans significantly and export expectations for the industry have also risen. "The order books are well filled," he added.

In Asia, Bank of America head of Asia economics Helen Qiao said China stands a good chance of doubling the size of its economy by 2035—and will surpass the United States along the way. Doubling of China’s GDP will require annual growth of 4.7% for the next 15 years, but Qiao said reform measures will help China get there. China was one of the few global economies that grew in 2020 despite the challenges posed by the COVID-19 pandemic. Official data showed the Chinese economy expanded by 2.3% last year, according to the International Monetary Fund.

Japan’s industrial output rose for the first time in three months in January, thanks to a rebound in global demand. Official data showed factory output advanced 4.2% in January, boosted by sharp rises in production of electronic parts and general-purpose machinery, as well as a smaller increase in car output. Taro Saito, executive research fellow at NLI Research Institute stated, “Manufacturers will continue to increase output over the near term as long as there won’t be any big shock.” While economic growth will likely be negative in the first quarter, the strength in manufacturing should offset the negative impact of Japan’s state of emergency, which is mainly impacting the services sector.

Finally: Finally, for most young people, retirement is pretty much the last thing on their minds as they enter the workforce. Still, almost everyone knows that the sooner saving for retirement is begun, the better off they’ll eventually be. Last year was a tough year financially for most average Americans. Between March 2020 and January 2021, around 1.6 million people took money out of their 401(k) plans under the CARES Act. However, despite the volume of withdrawals, around a third of 401(k) savers managed to increase their savings. So how much money does the average American now have in his/her retirement account? Fidelity provided CNBC with the average amount of money Americans have saved in retirement accounts as of the fourth quarter of 2020, as well as contribution by % of salary, broken out by age cohort.



GET A PHYSICAL! We invite you to attend a seminar and come in for a "financial physical", even if you think your current approach is fine. Much like going to the doctor for a physical despite feeling great, you want to make sure any negative issues you may not be aware of are caught early and addressed. For example…

- Do you need a process to help manage losses during the next bear market?
- Have you addressed your investment process and adjusted it for what is going on in the world?
- If not, what are you waiting for?

At the bottom of the 2007 - 2009 bear market the S&P-500 index returned to levels last seen in 1996.

The drop didn't retrace only a few months or even a couple years.

We discuss many of these issues on the weekly radio show and invite you to listen.

WEEKLY FOCUS – THINK ABOUT IT

"Inflation is taxation without legislation."

Milton Friedman – American Economist

Yours truly,

Rial R. Moulton, CFP®, CPA / PFS, RFC
Certified Financial Planner™

Donald J. Moulton, CFP®, RFC
Certified Financial Planner™

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.

Investment services offered through Moulton Wealth Management, Inc., an independent Registered Investment Advisor. 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 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. Investments in securities do not offer a fixed rate of return. Principal, yield and / or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results.

https://www.brainyquote.com/quotes/milton_friedman_379001

The Barclays Capital Credit Index *is an unmanaged index composed of U.S. investment-grade corporate bonds.*

The Barclays Global Aggregate Bond Index *(formerly Lehman Brothers Global Aggregate Index), an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.*

The Barclays U.S. 1-10 Year TIPS Index *is an unmanaged index composed of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.*

The Barclays U.S. Aggregate Bond Index *is an unmanaged benchmark index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors. It includes securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $250 million.*

The Barclays U.S. TIPS Index *is an unmanaged index composed of all U.S. Treasury Inflation- Protected Securities rated investment grade, have at least one year to final maturity, and at least $250 million par amount outstanding.*

The Barclays U.S. Treasury Index *is an unmanaged index composed of U.S. Treasuries.*

The CDX IG 12 *is a benchmark high-grade derivatives index, which measures the cost of insuring a basket of U.S. investment-grade corporate debt against defaults.*

The Chicago Board Options Exchange Volatility Index (VIX) *tracks the expected volatility in the S&P 500 over the next 30 days. A higher number indicates greater expected volatility. Common usage: The Chicago Board Options Exchange Volatility Index (VIX), a barometer of market volatility.*

The Dow Jones Industrial Average *is a widely followed market indicator based on a price-weighted average of 30 blue-chip stocks that trade on the New York Stock Exchange which are selected by editors of The Wall Street Journal.*

The Dow Jones Wilshire Real Estate Securities Index (RESI) *is used to measure the U.S. real estate market and includes both real estate investment trusts (REITs) and real estate operating companies (REOCs). It is weighted by float-adjusted market capitalization.*

The JP Morgan Emerging Market Bond Index *is a total-return, unmanaged trade-weighted index for U.S. dollar-denominated emerging-market bonds, including sovereign debt, quasi-sovereign debt, Brady bonds, loans, and Eurobonds.*

The JP Morgan EMBI Global Diversified Index *tracks the performance of external debt instruments (including U.S.-dollar-denominated and other external-currency-denominated Brady bonds, loans, Eurobonds and local market instruments) in the emerging markets.*

The JP Morgan GBI-EM Global Diversified Index *tracks the performance of local-currency bonds issued by emerging market governments.*

The MSCI World Index *is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index represents 23 developed market countries.*

The MSCI All Country World Index *is a market-capitalization-weighted index composed of over 2,400 companies, and is representative of the market structure of 46 developed and emerging market countries. The index is calculated with net dividends reinvested in U.S. dollars.*

The MSCI EAFE Index *is an unmanaged, market-capitalization-weighted equity index that represents the developed world outside North America.*

The MSCI Emerging Markets Index *is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging market equities.*

The NASDAQ Composite Index *is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.*

The Russell 1000 Index *includes 1000 of the largest U.S. equity securities based on market cap and current index membership; it is used to measure the activity of the U.S. large-cap equity market.*

The Russell 2000 Index *includes 2000 small-cap U.S. equity names and is used to measure the activity of the U.S. small-cap equity market.*

The S&P 500 Index *is a capitalization-weighted index made up of 500 widely held large-cap U.S. stocks in the Industrials, Transportation, Utilities and Financials sectors.*

Investing Terminology

Alpha *is a measure of a portfolio's return above a certain benchmarked return.*

Alternative Investments *are investments that are not one of the three traditional asset types (stocks, bonds and cash). Alternative investments include hedge funds, managed futures, real estate, commodities, and derivatives contracts.*

Asset-Backed Securities (ABS) *are bonds backed by a pool of loans or accounts receivable and commonly include payments from credit cards, auto loans and mortgage loans.*

Austerity *refers to measures taken by a country's government in an effort to reduce expenditures and a budget deficit.*

Beta *is a measure of the volatility or systematic risk of a security or a portfolio in comparison to the market as a whole.*

Book-to-Price Ratio *is the inverse of the price-to-book ratio, which is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued, and vice versa (the higher the book-to-price ratio, the better the value).*

Commercial Mortgage-Backed Securities (CMBS) *are pools of commercial mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on. In general, CMBS carry less prepayment risk than loans backed by residential mortgages.*

Corporate Bonds *are debt securities issued by corporations to raise money; these bonds usually pay higher coupon rates than government or municipal bonds.*

Correlation Risk *refers to the change in the marked to market value of an asset when the correlation between the underlying assets changes over time.*

Credit Ratings *are an assessment of the risk of default of a company or country. The higher the credit quality (or rating), the lower the perceived risk of default.*

Cyclical Sectors or Stocks *are those whose performance is closely tied to the economic environment and business cycle. Managers with a pro-cyclical market view tend to favor stocks that are more sensitive to movements in the broad market and therefore tend to have more volatile performance.*

Debt-to-Equity Ratio *is calculated as long-term debt divided by common shareholders' equity, and measures the amount of a firm's leverage, or debt.*

Donor Advised Funds *are private funds administered by a third party and created for the purpose of managing charitable donations on behalf of an organization, family, or individual.*

Duration *is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.*

Excess Returns *are investment returns from a security or portfolio that exceed a benchmark or index with a similar level of risk.*

Grantor Retained Annuity Trust *is an estate planning technique that minimizes the tax liability existing when intergenerational transfers of estate assets occur. An irrevocable trust is created for a certain term or period of time. The individual establishing the trust pays a tax when the trust is established. Assets are placed under the trust and then an annuity is paid out every year. When the trust expires, the beneficiary receives the assets estate and gift tax free.*

High Yield Debt *is rated below investment grade and is considered to be riskier.*

Managed Futures *strategies use futures contracts as part of their overall investment strategy. They provide portfolio diversification among various types of investment styles and asset classes to help mitigate portfolio risk in a way that is not possible in direct equity investments.*

Market Capitalization *is calculated as the number of company shares outstanding multiplied by the share price, and is used to determine the total market value of a company.*

Momentum *is the rate of acceleration for an economic, price or volume movement; it is used to locate trends within the market.*

Mortgage-Backed Securities (MBS) *are pools of mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on.*

Option-adjusted spreads *estimate the difference in yield between a security or collection of securities and comparable Treasuries after removing the effects of any special features, such as provisions that allow an issuer to call a security before maturity.*

Peripheral Eurozone Countries *are those countries in the Eurozone with the smallest economies.*

Price-to-Book Ratio *is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued.*

Private Foundations *are charitable organizations that do not qualify as public charities by government standards. A private foundation is a nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.*

Quantitative Easing *refers to expansionary efforts by central banks to help increase the supply of money in the economy.*

Recapitalized/recapitalization *refers to injecting fresh equity into a company or a bank, which can be used to absorb future losses. This generally takes place through the company issuing new shares. In the case of a government or organization recapitalizing a bank, it usually results in the government or organization owning a stake in the bank.*

Spreads*: Yield spreads represents the difference in yields offered between corporate and government bonds. If they tighten, this means that the difference has decreased. If they widen, this means the difference has increased.*

Standard Deviation*: Statistical measure of historical volatility. A statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.*

Treasuries *are U.S. government debt obligations that are backed by the full faith and credit of the government. Often, they are used as a proxy for a risk-free asset when comparing other risky assets.*

Yield Curves *illustrate the relationship between the interest rate, or cost of borrowing, and the time to maturity. Yields move inversely to prices. The Barclays Capital 1-10 Year US TIPS Index: Barclays Capital 1-10 Year US TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.*

(Other Sources: All index- and returns-data from Yahoo Finance; news from Reuters, Barron's, Wall St. Journal, Bloomberg.com, ft.com, guggenheimpartners.com, zerohedge.com, ritholtz.com, markit.com, financialpost.com, Eurostat, Statistics Canada, Yahoo! Finance, stocksandnews.com, marketwatch.com, wantchinatimes.com, BBC, 361capital.com, pensionpartners.com, cnbc.com, FactSet.)