MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of April 05, 2021

Per a disaster declaration by Governor Inslee, all gatherings are limited. 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.

April has historically been a strong month for stocks and we see no reason to think this April will be different.

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

Starting mid-month, we'll begin getting corporate earnings reports for the first quarter. Base effects alone tell us they should be good. Both earnings and economic reports for the first half of 2021 will be compared to the first half of 2020. Since the first half of 2020 included shutdowns, the comparisons should be favorable.

Jobs created in March exceeded 900,000, almost 50% more than expectations. Jobs created in January and February were also adjusted up by about 150,000. We have a long way to go before replacing all the jobs lost, but the direction is encouraging.

Of course the vaccines will continue to be a huge key. About 1/3 of all Americans have received at least one dose. Last Thursday saw the single day highest number of vaccines at four million. And as we get real world results of efficacy they are exceeding expectations.

Finally there will be a lot of money flooding the system over the coming months. Long term the added debt will be a drag on the economy but over the shorter term it should be a boost.

The biggest fly in the ointment is inflation. We expect inflation will continue to rise over the next few months, likely driving up interest rates. Higher rates will be a drag on bonds and possibly on growth stocks. We do think that inflation will rollover and start down later in the year but we'll have to keep a tight watch to see if that's where things are headed.

Longer term we have to remember that many of the leading stocks are very expensive. It might not take a huge negative event to start those selling down to more historically normal levels.

Participate but protect.

Does the investment plan include a sell strategy to protect your downside?

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.

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 ended the holiday-shortened week higher. The large-cap S&P 500 index crossed the 4,000 threshold for its first time, and the mid cap S&P 400 also set a new intraday record. The technology-heavy NASDAQ Composite led the advance, rebounding after selling off the most among U.S. indices in the first quarter. The Dow Jones Industrial Average rose 80 points finishing the week at 33,153—a gain of 0.2%. The NASDAQ Composite jumped 2.6% to 13,480. By market cap, the large cap S&P 500 added 1.1%, while the mid cap S&P 400 and small cap Russell 2000 rose 0.8% and 1.5%, respectively.

International Markets: Canada's TSX rose 1.3%, while the United Kingdom's FTSE 100 ticked down -0.1%. On Europe's mainland, France's CAC 40 rose 1.9%, while Germany's DAX jumped 2.4%. In Asia, China's Shanghai Composite added 1.4% and Japan's Nikkei added 0.7%. As grouped by Morgan Stanley Capital International, developed markets added 0.3%, while emerging markets tacked on 1.1% for the week.

Commodities: Precious metals ended the week down. Gold ticked down -0.2% to $1728.40 an ounce, while Silver finished down -0.7% to $24.95 per ounce. Energy was bid higher following three down weeks. West Texas Intermediate crude oil rose 0.8% to $61.45 per barrel. The industrial metal copper, viewed by some analysts as a barometer of world economic health due to its wide variety of uses, fell for a third consecutive week, ending down -1.9%.

March Summary: In the U.S., the Dow Jones Industrials led the way with a 6.6% gain, followed by mid-caps (up 4.5%) and large caps (up 4.2%). Small caps (the Jan + Feb leader) rose 0.9% and the NASDAQ added 0.4%. Canada's TSX added 3.5% while the UK added 3.6%. France and Germany rose a nice 6.4% and 8.9%, respectively, while China declined -1.9% and Japan ticked up 0.7%. For the month, developed markets rose 2.5% while emerging markets fell -0.7%. Most commodities fared poorly in March. Gold and silver declined -0.8% and -7.2%, respectively, while oil gave up -3.4% and copper fell -2.4%.

U.S. Economic News: The number of Americans filing for first-time unemployment benefits rose at the end of the March, but economists expect the increase is just a temporary blip. The Bureau of Labor Statistics reported initial jobless claims jumped by 61,000 to 719,000 in the week ended March 27th. Economists had expected new claims to fall to a seasonally-adjusted 675,000. New claims increased the most in Virginia, along with smaller increases in Kentucky, Georgia, New Jersey and California. They declined the most in Ohio, Massachusetts and Florida. The number of people already collecting unemployment benefits declined to 46,000 to 3.79 million. These so-called "continuing claims" are now at their lowest level in a year. Analysts are expecting a quick rebound in the labor market. Senior economist Bill Adams of PNC Financial Services stated, "Job growth will accelerate dramatically in coming months as the U.S. reaches herd immunity and the high-contact service sector revives."

The U.S. economy added 916,000 new jobs in March signaling a much stronger economy going forward. A surge of hiring in the 'Leisure and Hospitality' sector followed by the government and construction led to the most new jobs being added in seven months. The growth in jobs easily exceeded economists' forecasts. Economists had expected just 675,000 new jobs. Economists predict even faster hiring in the months ahead if most Americans get vaccinated and the coronavirus pandemic fades away. Meanwhile, the official unemployment rate slipped 0.2% to 6%. Sal Guatieri of senior economist at BMO Capital Markets stated, "Job growth is now accelerating across the nation, helped by massive fiscal stimulus and a now speedy vaccination program."

Home prices continued to increase at a double-digit pace around the country according to two separate widely-followed housing market indexes. The S&P CoreLogic Case-Shiller 20-city home price index posted an 11.1% annual gain in January—up from 10.2% the previous month. On a monthly basis, the 20-city index increased 0.9% between December and January. Prices rose on a monthly basis in 19 of the 20 large cities tracked by Case-Shiller. Phoenix saw the highest rate of price appreciation with a 15.8% gain year-over-year, followed by Seattle and San Diego. Cleveland was the only city to see prices drop. Craig Lazzara, managing director and global head of index investment strategy at S&P DJI said in the report, "January's data remain consistent with the view that COVID has encouraged potential buyers to move from urban apartments to suburban homes." In addition, the broader Case-Shiller national price index which covers the entire country, posted an 11.2% year-over-year gain in January—its biggest monthly increase in almost 15 years. Separately, the Federal Housing Finance Agency released its own home-price index which showed a 12% increase in home prices nationwide compared to a year ago and a 1% uptick month-over month.

An indicator of future activity in the housing market showed far fewer Americans signed deals to purchase homes in February than economists had expected. The National Association of Realtors (NAR) reported its index of pending home sales fell 10.6% in February—the fifth consecutive month in which this measure declined. The index tracks real-estate transactions in which a contract has been signed but the sale has not yet closed. The median forecast of economists had called for a 3.1% decline in pending sales on a monthly basis. Compared to 2020, pending sales were down 0.5%, representing the first annual decline in eight months. Pending home sales fell in every region of the country. The South notched the largest decline, with a 13% monthly decrease, while the West had the smallest drop at 7.4%.

Confidence among the nation's consumers surged in March to a one-year high as more Americans got vaccinated and the government distributed $1,400 stimulus checks to boost the economy. The Conference Board reported its index of consumer confidence surged 19.3 points to 109.7 in March from the previous month. Economists had expected a smaller increase to just 96.8. For perspective, the index had stood at a 20-year high of 132.6 in February of 2020, shortly before the onset of the coronavirus pandemic. The part of the survey that tracks how consumers feel about the economy right now, known as the "present situation index", jumped to 110 from 89.6. Lynn Franco, senior director of economic indicators at the nonprofit board stated, "Consumers' renewed optimism boosted their purchasing intentions for homes, autos and several big-ticket items." Another gauge that assesses how Americans view the next six months--future expectations index--leaped to 109.6 from 90.9. That's the highest level in 21 months. One growing worry: higher inflation, mainly at the gas pump. That "may temper spending intentions in the months ahead," Franco said.

Manufacturing activity in the U.S. grew faster in March as a key index hit a 38-year high, pointing to further momentum in the U.S. economy. The Institute for Supply Management (ISM) reported its manufacturing index jumped to 64.7 from 60.8 in the prior month. Readings over 50 indicate growth, while anything over 55 is considered exceptional. The increase far surpassed Wall Street's expectations of 61.7. In the details, the improvement in manufacturing activity was widespread across almost all industries. Seventeen of the 18 industries tracked by ISM expanded in March, with most reporting increases in production, new orders and employment. The biggest problems manufacturers face right now are shortages of some key supplies – and workers - that are hindering production and raising prices. Finding enough skilled workers, especially in a pandemic, has also been a chronic problem. In the report, a senior executive at a maker of transportation equipment stated, "Business conditions are positive for our industry and company. The constraints are mainly related to parts availability. Manpower is also a constraint. Hiring new workers is a challenge."

International Economic News: The Canadian economy grew 0.7% in January and appears to have grown almost as much in February, Statistics Canada said. The January reading of real GDP compared with a gain of just 0.1% in December, and topped the agency's preliminary estimate for the month of 0.5%. It was the ninth consecutive monthly increase since the plunge in the economy last year in March and April when workers were ordered home and non-essential businesses forced to close. Almost one year later, Statistics Canada reports total economic activity was still about 3% below the February level last year. The agency's preliminary estimate for February this year showed growth of 0.5% for the month. In a research note, TD Bank senior economist Sri Thanabalasingam said January was a solid month for the Canadian economy and "the first quarter of 2021 is shaping out to be a very good one for Canada."

Across the Atlantic, the United Kingdom's economic recovery in the second half of last year was stronger than expected according to official figures which also showed that households put more money in savings account than previous data suggested. The UK's Office for National Statistics (ONS) said the economy expanded by 16.9% and 1.3% in the third and fourth quarters of 2020, respectively. This marked steep increases on initial estimates of 16.1% and 1.0%. Analysts said the more robust recovery than first estimated by the ONS gave hope for a broader expansion during 2021 as the economy continues to gain momentum.

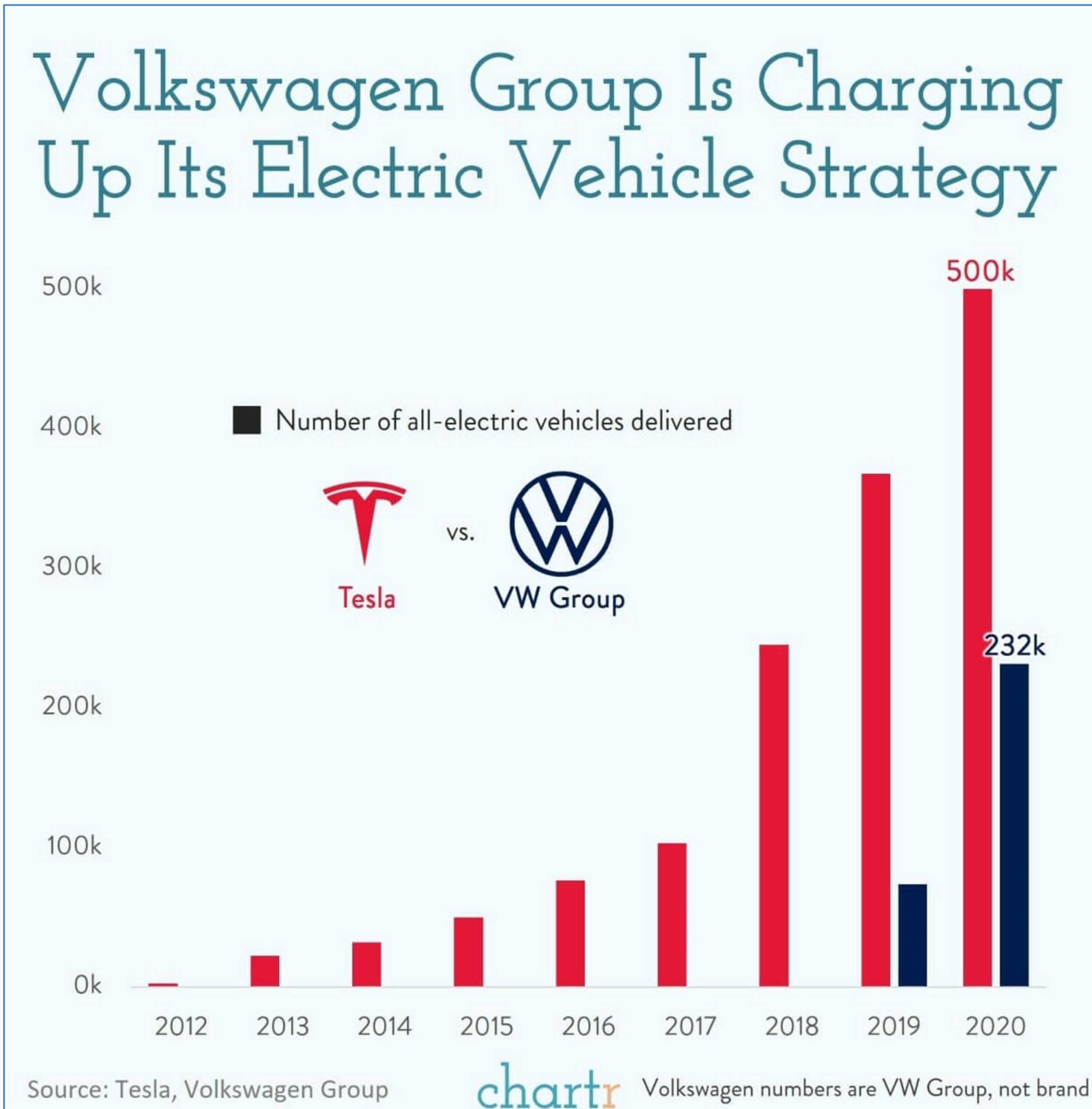
On Europe's mainland, French President Emmanuel Macron ordered France into its third national lockdown this week, and said schools would close for three weeks as he worked to slow a third wave of COVID-19 infections that threatened to overwhelm the nation's hospitals. With the death toll nearing 100,000, intensive care units in the hardest-hit regions at breaking point and a slower-than-planned vaccine rollout, Macron was forced to abandon his goal of keeping the country open to protect the economy. "We will lose control if we do not move now," the president said in a televised address to the nation. His announcement means that movement restrictions already in place for more than a week in Paris, and some northern and southern regions, will now apply to the whole country for at least a month.

Germany lead the increase in economic sentiment in the Eurozone, which surged much more than expected in March. The European Commission's monthly Economic Sentiment Indicator (ESI) survey showed economic sentiment in the 19 countries sharing the Euro jumped to 101 points in March from 93.4 in February, beating economists' forecasts of a rise to 96 points. "For the first time since the outbreak of COVID-19 on the continent, the ESI is ... slightly above its long-term average," the Commission said. "The increases were of a magnitude not seen since last summer's steep recovery following the first phase of the pandemic." The Commission said that among the largest EU economies, Germany stood out with the largest monthly sentiment improvement on record of 7.9 points to 103.7 points.

In Asia, China's economic recovery continued in March, driven by a better-than-expected surge in the services sector. China's non-manufacturing purchasing managers' index (PMI)--a gauge of sentiment in the service and construction sectors--rose to a four-month high of 56.3 in March from 51.4 in February, according to data released by China's National Bureau of Statistics. In addition, its official manufacturing PMI—a survey of sentiment among factory owners in the world's second largest economy—rose to 51.9 in March from 50.6 in February. Readings above 50 indicate growth in activity, while a reading below the 50 mark represents contraction. "After the Lunar New Year, the recovery of production accelerated, and the manufacturing industry rebounded significantly in March," said Zhao Qinghe, a senior statistician at the NBS.

A closely watched economic survey by the Bank of Japan shows growing optimism over the outlook for the world's third-largest economy. The central bank's quarterly "tankan" survey's headline index for larger manufacturers' sentiment stood at positive 5 in March—a considerable improvement over the negative 10 reading in December. The reading exceeded economists' estimates of 4. The survey demonstrated the steady recovery in sentiment over the last three quarters, back to the levels reached just before the coronavirus pandemic took hold. The tankan measures corporate sentiment by subtracting the number of companies saying business conditions are negative from those responding they are positive. Sentiment among large non-manufacturers improved by four points to -1, but represents a much slower improvement in sentiment than among manufacturers.

Finally: Volkswagen pulled an early April Fool's joke on the world when it announced that it was henceforth changing its name to "Voltswagen". Later, VW admitted it was indeed an April Fool's joke, but it certainly succeeded in drawing attention to VWs very large ambitions in the Electric Vehicle (EV) industry. In fact, around the globe VW has been gaining market share rather sharply, and the consulting firm Wood Mackenzie predicts that VW will become the world's largest EV producer by the end of this decade, producing about half of the total EV unit output. (Chart from chartr.co)



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

“The greatest enemy of a good plan is the dream of a perfect plan.”

Carl von Clausewitz – German General

Yours truly,

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

Donald J. Moulton, CFP®, RFC
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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.

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https://www.forbes.com/advisor/investing/april-stock-market-outlook/
https://www.quotes.net/quote/72594

***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.)