MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Should you expect 10% returns in your portfolio?

If you've invested for some time you've almost certainly heard *"the market has averaged 10% returns over the last 100 years so therefore…"*

But while true, it doesn't matter.

Why?

For a two reasons:

First, average returns mean nothing. What's important is what returns should be expected going forward with today's economic construct, valuations, politics, etc.

But maybe more important, the market has *averaged* 10% returns but not *compounded* 10% returns.

What's the difference?

A lot.

LISTEN TO RIAL AND DON'S RADIO SHOW, "YOUR MONEY MATTERS", EVERY SATURDAY MORNING AT 8:00 AM ON KXLY RADIO CHANNEL 920 AM IN SPOKANE AND AT 9:30 AM ON NEWSTALK RADIO CHANNEL 870 AM IN THE TRI-CITIES AREA OR LISTEN LIVE AT WWW.NEWSTALK870.AM AGAIN AT 9:30 EACH SATURDAY MORNING…

(BOTH SHOWS ARE ALSO AVAILABLE LIVE VIA THE INTERNET)

If the Dow Jones had enjoyed only a 5% compound return since 1901 (about half of what we're told it's averaged) we'd be at Dow 704,986 instead of where we actually are, Dow 34,326.

That's quite a difference. Why?

Because crashes matter. Such is especially the case when it comes to your financial goals and investment time horizons, as opposed to 100 year market indices.

Compound returns assume no principal loss, ever. And the bigger the loss, the bigger the disruption to the compounding of your portfolio.

Yes, the market eventually will come back, but the time spent "coming back" is not spent adding to your retirement funds.

And the bigger the decline, the longer it takes to get back to "zero".

Buying and holding, without a defensive plan, is in essence a plan to maximize the disruption to your portfolio's growth.

We get it, after 13+ years of Fed pumping the markets and no *real* bear markets (i.e. one that declines and doesn't recover for a few years like the dot.com and housing bubbles) the fear of one in your future is minimal.

But it will happen.

And considering the Fed is now dealing with inflation more so than at any time in decades, it may happen sooner than you expect.

Protect your health and your wealth.

What is your defensive plan?

Call to hear about ours.

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.

In the markets:

U.S. Markets: The Dow Jones Industrial Average declined -1.4% closing at 34,326. The technology-heavy NASDAQ declined -3.2% to 14,567. Large caps fell the most this week, with the S&P 500 falling -2.2%. The mid cap S&P 400 closed down -0.6%, while the small cap Russell 2000 declined -0.3%.

International Markets: International markets were a sea of red for the week. Canada's TSX declined -1.2%, while the United Kingdom's FTSE 100 ticked down -0.3%. On Europe's mainland, France's CAC 40 shed -1.8% and Germany's DAX declined -2.4%. In Asia, China's Shanghai Composite closed down -1.2% and Japan's Nikkei plunged -4.9%. As grouped by

Morgan Stanley Capital International developed markets declined -2.6%, while emerging markets gave up -0.9%.

Commodities: Precious metals finished the week up. Gold rose 0.4% to $1758.40 per ounce, while Silver gained 0.5% to $22.54. Energy continued to rise, now for six consecutive weeks. West Texas Intermediate crude oil gained 2.6% to $75.88 per barrel. The industrial metal copper, viewed by some analysts as a barometer of world economic health due to its wide variety of uses, finished the week down -2.3%.

September and Q3 Summary: All the major U.S. indexes finished the month of September to the downside. The Dow retreated -4.3% and the NASDAQ shed -5.3%. Large caps fell -4.8%, while mid-caps and small caps declined -4.1% and -3.1%, respectively. In the third quarter, the Dow ended down -1.9% and the NASDAQ declined -0.4%. Large caps finished up 0.2%, but mid-caps gave up -2.1%. Small caps were the biggest losers in the 3rd quarter ending the period down -4.6%.

In September, Canada and the UK fell -2.5% and -0.5% respectively, while France declined -2.4% and Germany shed -3.6%. On the other hand, September was a good month for Asian markets. China ended the month up 0.7%, while Japan powered ahead 4.9%. For the month, Emerging markets declined -3.9% and Developed markets gave up -3.3%. In the third quarter, Canada declined -0.5%, while the UK rose 0.7%. France ticked up 0.2%, but Germany declined -1.7%. China closed down -0.6%, while Japan managed a 2.3% gain. For the quarter, Developed markets retreated -1.1% and Emerging markets dropped a sizable -8.6%.

Gold and silver declined -3.4% and -8.2% respectively in September, Oil surged 9.5% and Copper finished the month down -6.5%. In the third quarter, Gold ticked down -0.8%, while Silver plunged -15.8%. Oil rose 2.1% and copper declined -4.7%.

U.S. Economic News: The number of Americans filing first-time claims for unemployment jumped last week, hitting a two-month high. The Labor Department reported new claims rose by 11,000 to 362,000 in the week ended September 25th. Economists had expected claims to total just 330,000. Claims jumped the most in California, up by almost 18,000 to 86,792. That state is still working through a large backlog of applications that had yet to be processed. Claims fell in 35 other states. Meanwhile, the number of people already collecting benefits, known as "continuing claims", dropped by 18,000 to 2.8 million. That number remains near a pandemic low.

After two months of declines, the number of Americans who signed contracts to purchase homes jumped last month, far exceeding economists' expectations. The National Association of Realtors (NAR) reported pending home sales rose 8.1% in August compared with July. Economists had expected just a 0.4% increase. Still, compared with the same time last year, pending sales were down -8.3% reflecting how much home-buying activity has fallen from late last summer. Every region saw home sales increase on a monthly basis, led by a 10.4% gain in the Midwest. The pending home sales index measures real-estate transactions where a contract was signed but not yet closed.

Home prices rose at a record pace for a fourth consecutive month, rising in virtually every major metropolitan area across the nation. The latest edition of the S&P CoreLogic Case-Shiller Home Price Index showed home prices soared 19.7% from the same time last year. The separate 20-city index, which measures price appreciation among a group of major metropolitan areas across the country, saw a 19.9% year-over-year gain. The three cities to see the largest annual gains remained the same — Phoenix (32.4%), San Diego (27.8%) and Seattle (25.5%).   "The last several months have been extraordinary not only in the level of price gains, but in the consistency of gains across the country," said Craig J. Lazzara, managing director and global head of index investment strategy at S&P DJI, in the report.

The rapid increase in prices isn't just confined to the real estate sector. The Bureau of Economic Analysis reported this week the cost of goods and services rose sharply again in August putting the inflation rate in the U.S. at a 30-year high. The Personal Consumption Expenditures Index climbed 0.4% in August, its sixth consecutive increase. The rate of inflation over the past 12-months ticked up to 4.3%--the highest it has been since 1991. A separate measure of inflation that strips out volatile food and energy prices rose 0.3% in August. It's known as the core rate and is viewed by the Fed as a more reliable barometer of inflationary trends. The increase in the core rate over the past 12 months was unchanged at 3.6%, also at a 30-year peak.

Confidence among the nation's consumers fell for a second month hitting a 7-month low as media reports of a "delta-variant" of the coronavirus and inflation worries weighed on sentiment. The Conference Board reported its closely followed index of consumer confidence slid to 109.3 this month, down 5.9 points from August. Economists had expected a reading of 115.3. Worries about inflation remain high and analysts believe consumers are putting off big purchases because of the higher prices. Furthermore, consumers don't expect things to improve anytime soon. The part of the survey that assesses how Americans view the next six months was weaker. The so-called "future expectations index" slid 6.2 points to 86.6—its lowest level since January.

Orders for goods expected to last at least three years, so-called "durable goods", jumped last month and the government revised July's report to show a significant increase in orders instead of a decline. The Census Department reported orders for durable goods jumped 1.8% last month. Economists had expected just a 0.6% increase. However, analysts noted the big increase was in large part due to a surge in orders for Boeing 737 Max jets and other aircraft. Orders for new commercial airplanes soared 78% in August and drove most of the increase in bookings for U.S.-made durable goods. If transportation is excluded, bookings were up just 0.2%. As has been the case, the biggest problem for manufacturers remains getting critical supplies and finding skilled workers willing to work. Business investment remained robust. Investment rose 0.5% in August and increased for the sixth month in a row. Analysts remain optimistic. Chief economist Rubeela Farooqi of High Frequency Economics wrote in a note, "Momentum is still positive for now."

A measure of business conditions in the Chicago area slipped to its lowest level in seven months. The Chicago area Purchasing Managers' Index (or PMI) slowed to 64.7 in September, from 66.8 the prior month. Economists had forecast a reading of 64.3. Still, despite the decline analysts stated activity remains robust. Josh Shapiro, chief U.S. economist at MFR Inc. wrote in a note, "Recent results from this survey are very strong and are indicative of solid ongoing growth in economic activity." Respondents to the survey reported that now freight/shipping difficulties in addition to shortages of supplies of raw materials hampered production.

The international trade deficit rose again as retailers continued to import more consumer goods for the holiday shopping season. The trade gap in goods widened 0.9% to $87.6 billion in August, the government reported this week. Goods imports increased 0.8% to $236.6 billion, just below the all-time high set in June. Meanwhile, U.S. exports moved up 0.7% to $149 billion to set a new record.

International Economic News: The Fraser Institute, an independent public policy think-tank in Canada, reported economic growth and business investment in Canada have been faltering. The decline has severely weakened the country's ability to encourage innovation or new business start-ups, the study found. Philip Cross, senior fellow at the Fraser Institute wrote in the report, "Canada's sluggish economic growth in the years before the pandemic reflects a lack of innovation and weak productivity growth." The study finds that Canada's economic growth (measured by GDP, adjusted for inflation) over the past decade was the slowest since the 1930s, with productivity stalled and reduced competitiveness that impaired the country's attractiveness for investment. Furthermore, the study asserted that businesses in Canada are hampered by overbearing regulations with much of the economy based on limiting competition rather than fostering competitive markets.

Across the Atlantic, Britain's economy grew by more than previously thought in the April to June period before a sharp slowdown that occurred at the beginning of this quarter. The United Kingdom's Office for National Statistics reported the country's Gross Domestic Product increased by 5.5% in the second quarter—stronger than the preliminary estimate of 4.8%. The revision means Britain is no longer the worst-performing economy among Group of Seven developed countries, when comparing GDP in the summer of 2021. It is now tied with Germany and above Italy. This week, Bank of England Governor Andrew Bailey said he thought the economy would regain its pre-pandemic level of output in early 2022.

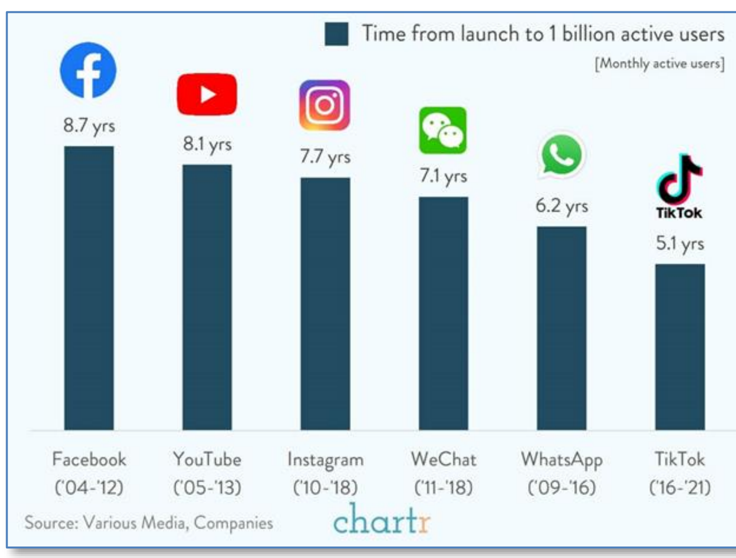
On Europe's mainland, consumer prices in France accelerated to the highest level in about a decade as households faced a jump in the cost of energy. Consumer prices in France rose 2.7% from the same time last year—almost entirely due to the increase in energy prices. Despite the surge, European Central Bank President Christine Lagarde said the stronger inflation numbers were "largely transitory", echoing comments made by Federal

Reserve Chair Jerome Powell. Bank of France Governor Francois Villeroy de Galhau has been equally optimistic, saying earlier this week that while tensions on some prices are undeniable, these are temporary and associated with the strong economic recovery in Europe.

In Germany, often referred to as Europe's economic powerhouse, business leaders voiced relief after the country's federal election results quashed the possibility of the next government having a strong left-leaning slant. Angela Merkel's Christian Democratic Union party experienced a landslide defeat losing about a quarter of its vote share and ending in third place in three of the eastern states of Germany, behind the Social Democrats and the rightwing populist AfD. The Social Democrats, largely written off as a serious contender for the election only six months ago, saw a remarkable comeback, finishing first in the popular vote and gaining substantial support in the eastern states.

In Asia, factories in China were already struggling when the world's second largest economy had to contend with yet another concern—a growing power supply crunch. A government survey of manufacturing activity fell to 49.6 in September, down from 50.1 in August. Readings below 50 indicate contraction. Local Chinese authorities have abruptly ordered power cuts at many factories in the last week. In mid-August, China's economic planning agency announced that 20 regions—accounting for about 70% of China's GDP per Nomura—failed to meet carbon-related targets, prompting local authorities to take action.

Bank of Japan Governor Haruhiko Kuroda stated Japan's economy will continue to recover and could reach levels seen before the coronavirus pandemic by the end of this year or early in 2022. However, with consumption weak and inflation well below its 2% target the BOJ will maintain its massive stimulus "regardless of the new government's policies", Kuroda said. Japan's ruling party anointed former foreign minister Fumio Kishida as its new leader. Kuroda offered an upbeat view on Japan's economy, saying that steady progress on vaccinations and an end to state-of-emergency curbs to combat the pandemic are likely to lead to a recovery in consumption in the coming months.



Finally: Initially released just five years ago, video-sharing app TikTok announced this week that the company has hit *one billion* active users. The billion-user club is very small, with the likes of Facebook, YouTube and Instagram. However, no member of the billion-user club has achieved that status in such a short time as TikTok – just 5 years! This is significantly shorter than the time it took the others to join the club…and works out to an average 16,666,667 new users every single month for the last 5 years. (Chart from chartr.co)xle

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

"Being "right" in the first half of a market cycle (bull phase) is not as important as being "wrong" during the second half."

Lance Roberts – Investor, 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.

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https://realinvestmentadvice.com/dow-40000-a-huge-disappointment-of-promises/

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.)