MOULTON WEALTH MANAGEMENT INC.

MOULTON HOT MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of February 14, 2022

Happy Valentine's Day!

Did we just go from bad to worse?

Maybe.

January's inflation numbers came out this week and they once again surprised to the upside at an annualized increase of 7.5%, the highest since 1982.

What does this mean for us as investors?

Market risk has just risen.

Let’s do some second order thinking. Forget about inflation directly and instead think of it in terms of you, as Fed Chairman. The highest inflation since 1982 has for the first time in 40 years shifted your job from propping up the economy (i.e. the stock market) to fighting inflation. Not only is it your mandate, there is social and political pressure to fight it and to fight it hard. In fact, economist Richard Curt tells us that 50% of those surveyed about consumer confidence said they expected their standard of living to decline next year because of inflation. At the same time it’s estimated that 40% of all Americans have less than $1,000 in savings. That is a huge part of the voting public who doesn’t have any interest in the Fed propping up the stock market at the expense of higher inflation.

So what do you do as Fed Chair? You begin raising rates and you do so aggressively.

Is that actually bad for the stock market? Not if you listen to Wall Street salesmen promoting buy and hold. In fact several have published “proof” that the market normally rises with rates.

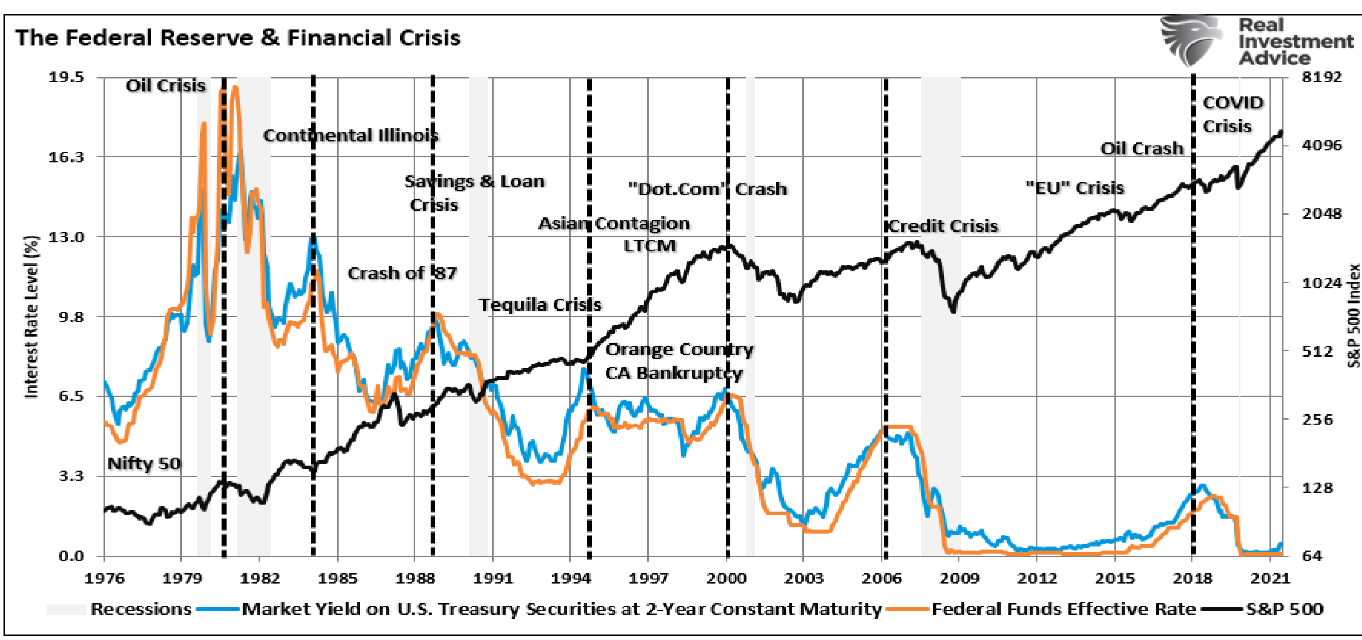
Sounds good, right?

Guess what: “They shut off the movie before it was over.”

Normally the Fed raises rates because the economy is strong. Not once in the last 40 years has it been to fight inflation. Logically if the economy is strong, the stock market will rise. However, higher rates are designed to slow the economy.

So what happened “next” when the Fed has raised rates?

The following chart from realinvestmentadvice.com shows Fed rate hikes historically vs the S&P-500. The orange line is the Fed rate and the blue line shows the market yield on a 2 year U.S. Treasury. Logically since 2 years is short term, we’d expect them to track each other. The black line is the S&P-500.



Notice that rate hikes are almost always followed by a market decline. At first the market ignores the hikes and if your timeline ends soon enough, hikes look benign. But most investors won't "cash out" and miss the eventual downturn.

Back to today. We've said for some time that growth would slow on its own this year regardless of what the Fed does.

- Real GDP for all of 2021 was +5.7%. The Atlanta Fed GDPNow projects first quarter real GDP to be +0.7%. Worse, the market dislikes bad surprises. Consensus estimates real GDP to rise 3.8% in 2022. That is 1.6% higher than the five year average *pre-Covid.* Does it make sense that the economy is so much stronger after Covid than before as consensus predicts?
- Consumer spending is 2/3 of the economy and the recent University of Michigan survey saw it drop to the second lowest level in a decade.
- The annualized rate of change of US Personal Consumption fell a jaw dropping 11.62% in December.
- The yield curve (difference between 2 year U.S. Treasury yield and the 10 year U.S. Treasury yield) has plummeted to 0.42%. It was 1.59% in March of 2021 and 0.85% just a month ago. Consider yield curve as a proxy for future economic strength. If it goes negative it has a 100% track record of predicting a recession, on average 9 months into the future.

You get the picture. Fed rate hikes into a slowing economy are a recipe for disaster.

What is your defensive plan?

Call to hear about ours.

The government is again offering free at-home Covid-19 tests. We encourage everyone to get them just to be prepared. Go to...

www.covidtests.gov

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.

What's Your Risk Number?

In the markets:

U.S. Markets: Another volatile week in the U.S. markets; the large-cap indexes ended the week lower, but the S&P Midcap 400 and small-cap Russell 2000 recorded modest gains. The Dow Jones Industrial Average shed 352 points finishing the week at 34,738—a decline of 1%. The technology-heavy Nasdaq Composite fared the worst and ended the week down -2.2% remaining in a correction, defined as a 10% decline from a recent peak. By market cap, the large cap S&P 500 declined -1.8%, while mid-caps added 0.9% and small caps rose 1.4%.

International Markets: International markets were mixed on the week, but many of the "headline" markets were positive. Canada's TSX rose for a third week, adding 1.3%, while the United Kingdom's FTSE 100 added 1.9%. France's CAC 40 gained 0.9%. Germany's DAX rebounded 2.2%. In Asia, China's Shanghai Composite surged 3%. And Japan's Nikkei finished the week up 0.9%. As grouped by Morgan Stanley Capital International, developed markets closed down -0.5%, but emerging markets ticked up 0.1%.

Commodities: Precious metals led the way in major commodities, unsurprising given the hotter-than-expected inflation numbers. Silver surged 4% to $23.37 per ounce, while Gold gained 1.9% to $1842.10. Crude oil had its eighth consecutive week of gains. West Texas Intermediate crude oil tacked on an additional 0.9% to $93.10 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 up 0.4%.

U.S. Economic News: The number of Americans filing first time unemployment benefits fell by 16,000 to 223,000 last week, the Labor Department reported. That was the lowest level since late December and below forecasts. Economists had estimated new claims would total 230,000. Meanwhile, continuing claims, which counts the number of people already collecting benefits, remained unchanged at 1.62 million. That reading is now back to pre-crisis levels.

Following another sharp increase in consumer prices, the US inflation-rate climbed to 7.5% - a 40-year high. Big increases in the cost of rent food and energy drove the consumer price index up 0.6% in the first month of the new year. The increase greatly exceeded Wall Street's forecast of a 0.4% gain. The 7.5% surge in the cost of living in the past 12 months is the biggest since February 1982. The Fed is widely expected to raise interest rates in March for the first time in four years in an effort to curb inflation. A separate measure of consumer inflation that strips out the often-volatile food and energy prices, so called “core inflation”, rose 0.6% last month. The annual rate of core inflation rose half a percentage point to 6% - its highest level since August of 1982. Price increases have spread throughout the economy and the businesses are still suffering from widespread shortages of labor and supplies, not to mention shipping delays and higher transportation costs. Andrew Hunter, U.S. economist at Capital Economics, doesn’t expect inflation to abate anytime soon. In a research note he wrote: “A rapid cyclical acceleration in inflation is underway and, with labor market conditions exceptionally tight, it is unlikely to abate any time soon.”

After paying down debt in 2020, consumers resumed borrowing in 2021, with credit rising by 5.9% to $4.4 trillion—its largest increase in five years. The Federal Reserve reported total consumer credit rose $18.9 billion in December. Economists had been expecting a $24 billion gain. That brought the annual rate of consumer borrowing down to 5.4% from 10.7% the prior month. Revolving credit, like credit cards, rose at a 2.4% rate in December following a 22.8% gain the prior month. Non-revolving credit, typically auto and student loans, rose 6% following a 7% growth rate in November. Sal Guatieri, senior economist at BMO Capital Markets, said consumers are being pulled in two directions this year. Rising wealth and high household savings from the pandemic tend to bolster spending, but inflation, higher interest rates and the suspension of the child tax credit may restrain spending.

The number of small businesses that raised prices in January rose to its highest level in 48 years, a small-business lobbying group reported. The National Federation of Independent Businesses (NFIB) reported a net 61% of small businesses increased their prices at the beginning of the year. That was the highest percentage since 1974. Meanwhile the NFIB small business optimism index slipped 1.8 points to 97.1 - an 11-month low. NFIB chief economist Bill Dunkelberg stated, “More small business owners started the new year raising prices in an attempt to pass on higher inventory, supplies, and labor costs.” And undoubtedly adding fuel to the inflationary fire, Dunkelberg wrote “Owners are also raising compensation at record high rates to attract qualified employees to their own positions.”

Sentiment among the nation’s consumers plunged to a “stunning” decade low, according to a recent report. The University of Michigan reported its gauge of consumer sentiment fell half a point to 61.7 in February - its lowest reading since October of 2011. Economists were expecting a reading of 67. The survey of consumers reported expectations for inflation over the next year rose to 5% this month, up 0.1% from January, while inflation expectations for the next five years held steady at 3.1%. Also in the survey, consumer’s views of current conditions fell to 68.5 in February from 72 in January, while an indicator of expectations fell to 57.4 from 64.1 in the previous month. Richard Curtin, chief economist of the survey, called February’s decline “stunning,” adding that “the recent declines have been driven by weakening personal financial prospects, largely due to rising inflation, less confidence in the government’s economic policies, and the least favorable long term economic outlook in a decade.”

International Economic News: Canada’s police began clearing ‘Freedom Convoy’ demonstrators on Ontario’s vital U.S.-Canada border crossing. Police in Windsor, Ontario, said Saturday morning they had “commenced enforcement” at the Ambassador Bridge, a key trade corridor to Detroit. By late morning, police had begun steadily pushing protesters away from the bridge and removing their vehicles. The ‘Freedom Convoy’ began as a protest to Canada’s vaccine mandates for truckers by Prime Minister Justin Trudeau and additional COVID-19 measures. General Motors, Ford Motor and Toyota Motor have been forced to cut production at several plants in the U.S. and Canada this week due to a lack of parts, partly due to the blockade. PM Trudeau inflamed the situation by calling the truckers Nazis and White Supremacists, which both angered and amused the many Sikh truckers who comprise a significant share of the Canadian trucking industry.

Across the Atlantic, the British economy grew 7.5% in 2021 retracing almost all of its historic pandemic plunge of -9.4% in 2020. On a quarterly basis, U.K. GDP (gross domestic product) is estimated to have increased by 1% in the final three months of the year. It follows a downwardly revised 1% increase the previous quarter, the Office for National Statistics (ONS) said. The largest contributors to the quarterly rise in output were from “human health and social work activities, driven by increased GP visits at the start of the quarter,” according to the ONS, along with a “large increase in coronavirus (Covid-19) testing and tracing activities and the extension of the vaccination program.” Emma Mogford, fund manager of the Premier Miton Monthly Income Fund wrote, “The UK’s self-imposed lockdown to ‘protect Christmas’ has turned out to have only a mild impact on growth in December. This is an encouraging sign for the health of the economy.”

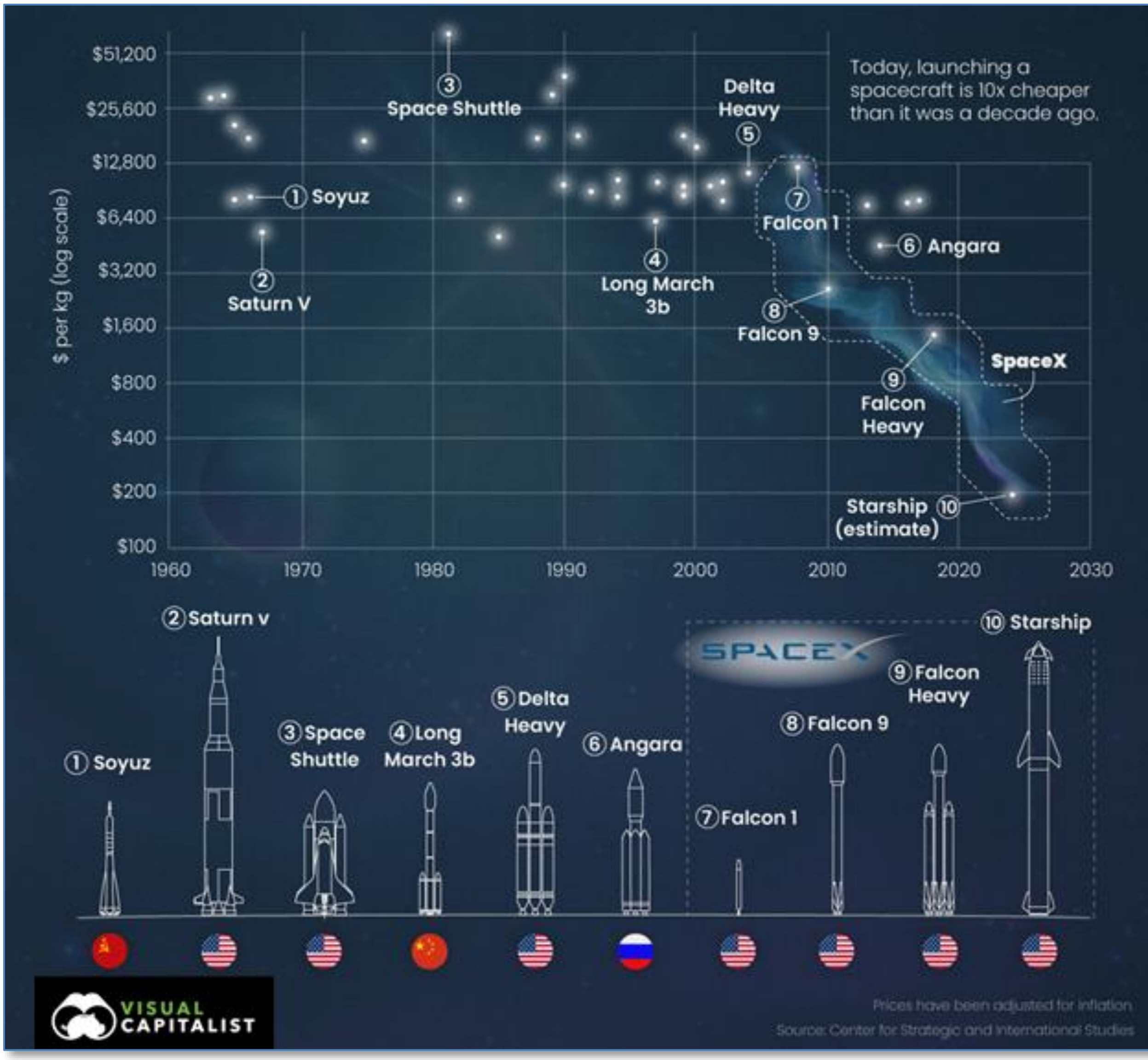
On Europe's mainland, France posted a record trade deficit last year as imports surged on higher energy prices and exports of big-ticket items like Airbus jets fell. The trade deficit in goods hit 84.7 billion euros ($97 billion) in 2021, equivalent to 3.4% of economic output, as the energy import bill swelled to 43.1 billion euros, the trade ministry said. In December alone, the trade gap reached more than 11 billion euros in the biggest monthly shortfall between exports and imports since French customs records began in 1970. Finance Minister Bruno Le Maire said the deficit marked a "blemish" on Macron's presidency which has otherwise been particularly strong on the economy. Growth hit a 52-year high last year of 7% as the European Union's second-biggest economy recovered faster than expected from the coronavirus crisis.

German exports increased for the third consecutive month in December, capping a year in which they rose 14% compared with 2020, official figures showed. The Federal Statistical Office said that exports from Europe's biggest economy were up 0.9% in December compared with the previous month. That followed gains of 1.8% in November and 3.9% in October. Imports were up 5.7% in December, their fifth consecutive monthly increase. Last year, exports rose 14% to some 1.38 trillion euros ($1.57 trillion). Imports were up 17.1% at over 1.2 trillion euros ($1.37 trillion). The United States remained Germany's top export destination, with China second and France third. China was the biggest source of imports to Germany, followed by the Netherlands and the U.S.

Two years ago, former President Donald Trump struck a trade deal with China obtaining commitments by the Chinese to purchase vast sums of American exports. The deal has failed miserably. According to Chad Bown at the Peterson Institute for International Economics, U.S. exports to China since then have only been 57% of what was pledged as part of the deal. Not only that, they're below the levels set before the trade dispute even began. Under the deal, China was to buy $274.5 billion in American goods and services covered by the deal in 2021. The actual number so far is $154.5 billion. Ultimately, Bown writes, "President Trump's trade war and phase one agreement did little to change China's economic policymaking."

Japan's Prime Minister Fumio Kishida announced plans to keep COVID-19 restrictions for Tokyo and 12 other areas for three more weeks until early March, as omicron infections show little signs of slowing in many prefectures. The current measures covering Tokyo and neighboring areas, Aichi in central Japan and Nagasaki in the south were initially scheduled to end Sunday but will remain until March 6, Kishida said. Nationwide, Japan on Tuesday logged more than 92,000 confirmed cases. Kishida's decision follows requests from governors in the affected areas, where daily cases are beginning to overwhelm hospitals with more serious ones among the elderly.

Finally: In December, SpaceX's Falcon 9 rocket launched a cargo capsule to deliver supplies and Christmas gifts to astronauts in the International Space Station. Like several SpaceX rockets before it, this rocket's first stage returned to Earth and landed safely on one of SpaceX's drone ships for refurbishment and reuse. The infographic below shows the cost per kilogram of cargo for space launches across the globe since the dawn of the Space Age in 1960. Today a private-enterprise SpaceX rocket can deliver cargo 97% cheaper than a 1960's Soviet Soyuz rocket, and 10x cheaper than just a decade ago. Thank you, capitalism (and Elon Musk)! (Chart from Visual Capitalist)



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

"Success breeds a disregard of the possibility of failure."

Hyman Minsky – Economist

Yours truly,

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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.

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

https://realinvestmentadvice.com/insights/real-investment-daily/
https://www.azquotes.com/author/35507-Hyman_Minsky#:~:text=Hyman%20Minsky%20Quotes&text=The%20more%20stable%20things%20become,be%20when%20the%20crisis%20hits.&text=Success%20breeds%20a%20disregard%20of%20the%20possibility%20of%20failure.

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.)