MOULTON WEALTH MANAGEMENT INC.

MOULTON HOT MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of September 19, 2022

On Saturday's radio show we started to delve into Super Bubbles as described by Jeremy Grantham, founder of GMO. We'll dig more deeply next Saturday so tune in or go to https://moultonwealth.com/radio-show/ for the podcast.

As an investor it's very easy to get lulled into complacency. First, we all "want" the market to go up and the economy to be strong. No one wants there to be a bear market or a recession.

But bear markets and recessions happen and the actions you take – or don't take – can be more important to your long term financial health than years of buying and hoping.

Please see our new website www.MoultonWealth.com. Of the many improvements, the most important is we now host podcasts of past radio shows, allowing you to listen at your convenience. If you've not heard any yet, we'd suggest starting with 05-28-22 (Connecting the Economic Dots) as well as 05-21-22 (Housing Bubble) and of course the most recent show.

We've been asked what it means when we say…

Risk happens slowly and then all at once.

Maybe the best way to explain it is with historic examples.

- China first reported Covid in December 2019, although at that point they didn't know what it was. But by January 23, 2020 it was identified as something new and in fact, China had its first lockdown of a city of 11 million. Yet the stock market (S&P-500) ignored it, rising another 1.8% until its pre-pandemic sell off peak on February 19th, almost a full month later. ***Risk happens slowly…*** But from there it fell 34% in 23 trading days ***…and then all at once***.
- During the Great Financial Crisis, Bear Stearns, at the time 85 years old having survived the Great Depression and WWII, collapsed in March 2008. Wall Street reacted by rallying the S&P-500 7.2% over the next two months. ***Risk happens slowly…*** But from there it dropped 14.8% over the next two months and over 53% over the next 9+ months ***…and then all at once***.
- During the Dot.com bubble, the NASDAQ peaked on March 24, 2000 but the S&P-500 was still only down 0.45% from its all-time high as late as September 1, 2000 (by that time the NASDAQ was down 15.2% from its peak). ***Risk happens slowly…*** from there it lost over 27% in the next 7 months and 47.5% over the next 25 months ***…and then all at once***.

Despite being told repeatedly by Wall Street (while they are selling in the background by the way) that the market isn't "signaling any problems", the market in fact doesn't signal problems well in advance if history is a guide. Or if it does, it's a subtle signal we're encouraged to ignore.

Which brings us to today.

Listen to Rial's and Don's radio show,

"Your Money Matters"

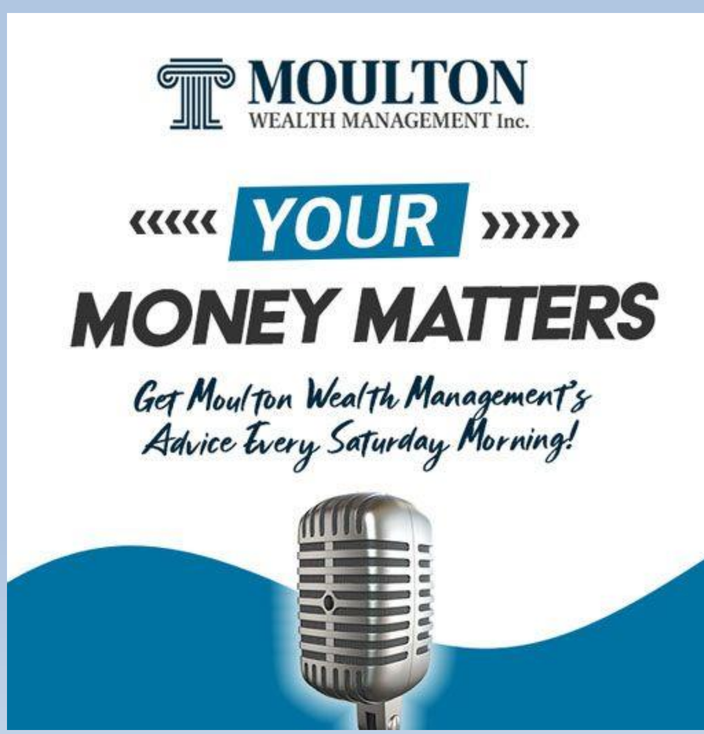
every Saturday Morning at

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

listen live at www.newstalk870.am again at 9:30 each Saturday morning

Or visit our website moultonwealth.com for podcasts



We all know FedEx who describe themselves as *"an American multinational conglomerate holding company focused on transportation, e-commerce and business services."* On Thursday night they warned that earnings, already having missed first fiscal quarter by 33% vs. estimates (estimates of $5.14 per share and actual of $3.44 per share) would now likely miss second fiscal quarter by 50% vs estimates ($5.48 per share estimates vs. guidance of $2.75 per share) and will decline by 17% from a year ago.

Some comments with the release…

- *"Global volumes declined as macroeconomic trends significantly worsened later in the quarter, both internationally and in the U.S."*
- Asked if he believed the numbers point to a global recession, CEO Raj Sumbramaniam responded *"I think so. These numbers, they don't portend very well."*
- The CEO went on to say *"We're going fully into cost-management mode."*

FedEx is not on a calendar year so their second quarter ended August 2022. Notice that earnings didn't just go up less quickly, they fell, and in fact are expected to be down 17% from August 2021.

FedEx is important because it can be seen as a proxy for economic activity. If its earnings are falling 17% from a year ago, at the same time that Wall Street tells us – and the market still trades as if – earnings will simply keep going up regardless of what's happening in the real world,

…how do you think the market will react when reality sets in?

What is your defensive plan?

Call or attend a seminar to hear about ours.

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: U.S. stocks fell sharply as inflation fears intensified and short-term bond yields reached their highest levels since 2007 (right before the onset of the Great Financial Crisis). The S&P 500 Index recorded its largest weekly drop since mid-June, hitting its lowest point on an intraday basis since mid-July. Growth stocks and tech fared the worst with the technology-heavy NASDAQ Composite falling 5.5% to 11,448. The Dow Jones Industrial Average shed over 1,300 points finishing at 30,822—a decline of 4.1%. By market cap, the large cap S&P 500 declined -4.8%, while the mid cap S&P 400 ended down -4.7% and the small cap Russell 2000 finished the week down -4.5%.

International Markets: International markets were a sea of red as well, but with losses not as deep as in the U.S. Canada's TSX declined -2.0%, while the United Kingdom's FTSE 100 ended down -1.6%. France's CAC 40 and Germany's DAX shed -2.2% and -2.7%, respectively, while in Asia, China's Shanghai Composite finished down -4.2%. Japan's Nikkei retraced all of last week's rise closing down -2.3%. As grouped by Morgan Stanley Capital International, developed markets finished the week down -3.3% and emerging markets closed down -3.1%.

Commodities: The majority of commodities also finished the week to the downside. West Texas Intermediate crude pulled back -2.3% to $84.76 per barrel, while Brent crude gave up -1.4% to $91.57. Precious metals were mixed with Gold declining -2.6% to $1683.50 per ounce, while Silver rose 3.3% to $19.38. 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 -1.4%.

U.S. Economic News: The number of Americans filing for first-time unemployment benefits fell for a fifth consecutive week last week, remaining near historic lows. The Labor Department reported initial jobless claims fell by 5,000 to 213,000 in the week ending September 10. They are now at the lowest level since June. Economists had expected new claims to total 225,000. Rubeela Farooqi, chief U.S economist for High Frequency Economics, wrote in a note, "These timely data continue to signal that demand for labor is still strong, with layoffs declining, even as the Fed is tightening aggressively." Meanwhile, the number of people already receiving benefits, known as "continuing claims", rose by 2,000 to 1.4 million. That number remains near a 50-year low.

Confidence among the nation's small business owners rose last month as expectations over business conditions in the short-term improved and inflation concerns moderated. The National Federation of Independent Business (NFIB), a small-business lobbying group, reported its Optimism Index rose 1.9 points to 91.8 in August. The reading beat the consensus forecast of 90.5. In the release, NFIB chief economist Bill Dunkelberg stated, "The small business economy is still recovering from the pandemic while inflation continues to be a serious problem for owners across the nation." August marks a second consecutive month of gains for the index, which nonetheless remains low compared to historical standards. The overall improvement in confidence was driven by better prospects for short-term sales and the economy, improving from very depressed levels. The NFIB survey is a monthly snapshot of small businesses in the U.S., which account for nearly half of private sector jobs.

Despite falling gas prices, inflation rose slightly last month, but it was the breadth of that rise that worried investors. The Bureau of Labor Statistics reported its closely-watched Consumer Price Index (CPI) rose 0.1% in August. The reading exceeded expectations for a 0.1% drop. The small increase lowered the annual rate of inflation to 8.3% from 8.5%. However, in a more worrisome sign, the "core rate" of inflation that omits food an energy prices rose a sharp 0.6%--double the prior month's increase. Wall Street had expected just a 0.3% gain. The increase in the core rate over the past year jumped to 6.3% from 5.9% underscoring how much inflation has become embedded in the economy. The Fed views the core rate as a more accurate measure of future inflation trends. Given the increase, the Fed is now widely expected to hike interest rates at least (another) three-quarters of a percentage point at its next meeting September 20th and 21st.

Costs at the wholesale level ticked down in August, largely due to cheaper gasoline. The Producer Price Index fell 0.1% last month, matching expectations and its first back-to-back drop since early 2020 when the pandemic began. On an annual basis, the increase in wholesale prices slowed to 8.7% from 9.8% in the prior month. However, like the consumer price index, omitting food and energy showed a 0.2% rise in core wholesale prices. That was higher than expected. Despite months of analysts and Fed officials stating inflation was "transitory", almost everyone now agrees that inflation is pervasive and embedded and won't be easy to eradicate.

Sales at the nation's retailers rose a mild 0.3% in August as Americans spent more on new vehicles and eating out at restaurants. The reading suggests the economy grew at a steady (yet lackluster) pace toward the end of summer. However, analysts note that the amount of money Americans are spending largely reflects the higher prices being paid due to soaring inflation. Adjusted for inflation, retail spending has basically been flat for the past year. Now with summer in the rearview mirror and a Federal Reserve that is hiking interest rates, analysts are concerned consumers will be forced to cut their spending over the coming months. Economists at Oxford Economics wrote in a note, "Consumers continue to show resilience in the face of elevated inflation, and lower prices at the pump are a welcome relief. But the outlook in coming quarters is less favorable."

Two regional gauges of manufacturing activity signaled contraction in September, according to data released this week. The Philadelphia Federal Reserve reported its manufacturing index slowed to -9.9 this month, down from 6.2 in the prior month. Economists had expected a reading of 2.3. In New York, the NY Fed's Empire State Index managed a rebound to -1.5 from -31.3 but remained in contraction. Economists were expecting a reading of -13.8. In key subcomponents in the Philadelphia survey, new orders fell to -17.6 in September from -5.1 in the previous month. Shipments in Philadelphia fell to 8.8 from 24.8 in August. New orders in the New York region rebounded 33.3 points to 3.7 in September. Shipments soared 43.7 points to 19.6 in the region. The two regional Fed surveys are used by economists to gauge the strength of the national ISM factory index, which will be released the first week of October.

International Economic News: The coming economic downturn in Canada will be "moderate" by historical standards according to economists at the Royal Bank of Canada (RBC). RBC analysts Claire Fan, Nathan Janzen, and Craig Wright wrote, "Labour markets remain exceptionally strong across most advanced economies with unemployment rates still around the lowest levels in decades." RBC is anticipating a 1.7% increase in the Canadian unemployment rate over the next year and a half--a gain that it described as "relatively mild" compared to previous downturns. "Signs are that inflation pressures have peaked, at least in North America as global commodity prices fall from very high levels, supply chain disruptions ease and housing markets correct under the weight of rising mortgage costs," RBC said.

Across the Atlantic, the Bank of England (BoE) is set to raise interest rates to fight inflation but Britain's new finance minister is eyeing tax cuts, which could stoke inflation. The apparent opposite views of monetary and fiscal policy underscore the economic challenges for Britain, which has the highest inflation among the world's developed economies. Ellie Henderson, an economist with Investec, said BoE Governor Andrew Bailey and his colleagues should "stick to their guns" on countering inflationary risks. "They will be cooling the economy at a time when the government, through its fiscal policy, is trying to stimulate demand," Henderson said. "There is divergence in the policy path but at the end of the day the BoE is independent and their main goal is price stability."

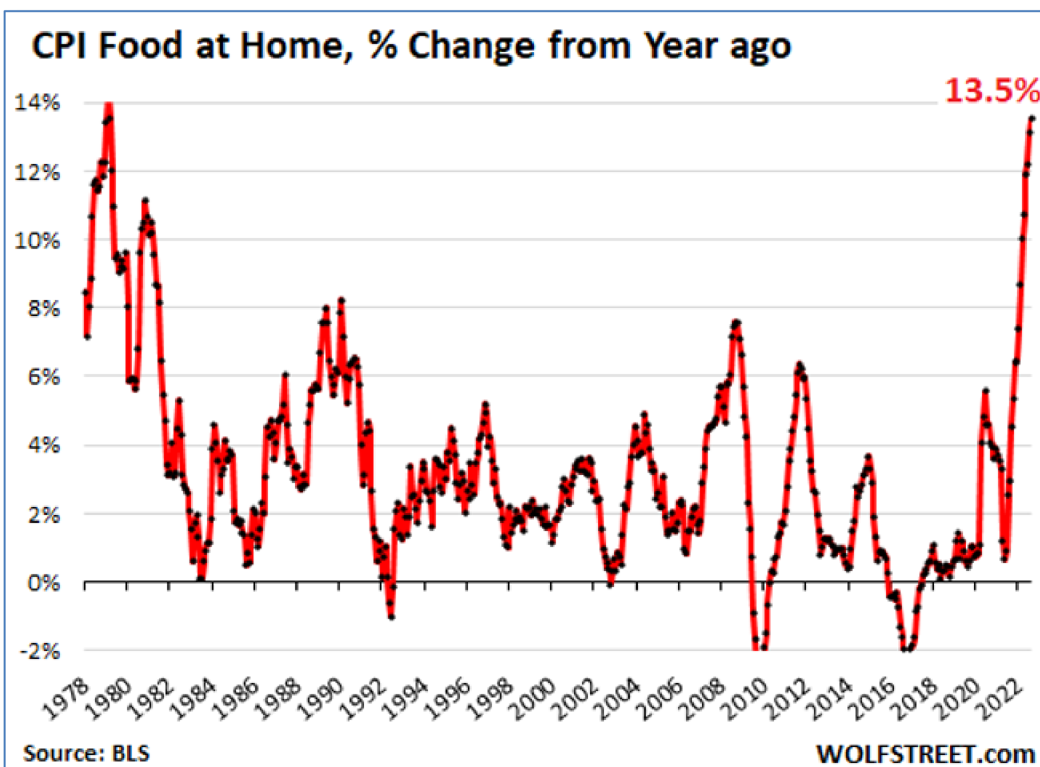
On Europe's mainland, France is set to cap power and gas price increases for households at 15% next year, Prime Minister Elisabeth Borne announced. The caps will cost the country $16 billion USD and prevent household energy bills from more than doubling. The state will also persist with grants for the poorest, with a check of up to 200 euros for 12 million households. Borne said the new cap on gas prices would take effect in January, while the new electricity cap would follow a month later. "We are determined, just like at the beginning of the crises that we face, to act, adapt and protect the French people and our economy", Borne said.

Europe's economic powerhouse, Germany, announced it had taken control of three refineries owned by Russian oil giant Rosneft. Chancellor Olaf Scholz said his government had not taken the step lightly, but that "it was unavoidable". "We have known for a long time that Russia is no longer a reliable energy supplier," he said. "That's why it's important to do everything we can now to safeguard Germany's energy supply." The move is part of efforts by the government to protect the German economy from the effects of an EU-wide embargo on Russian crude, which comes into effect on January 1. The move on Rosneft is the latest in a string of measures by the German government to deal with the chaos caused by Russia's war in Ukraine, which has driven European gas and electricity prices to record levels.

In Asia, the last reliable pillar of the world's second-largest economy is warning of hard times ahead due to softer overseas markets. As China itself struggles with the pandemic, weak domestic consumption, and a property crisis, now its exporters are sounding the alarm. Trade data for China's $18 trillion economy showed export growth came in well below expectations and slowed for a fourth consecutive month. Those alarms are echoing in workshops across eastern and southern China's manufacturing hubs, in industries from machinery parts and textiles to high-tech home appliances, where businesses are scaling back as export orders dry up. Nie Wen, a Shanghai-based economist at Hwabao Trust stated, "It is very likely China's exports will slow further or even contract in the coming months, as leading economic indicators point to a global growth slowdown or even recession."

Japan ran its biggest single-month trade deficit on record in August as imports surged on high energy costs and a slump in the yen, exposing the economy's vulnerability to external price pressures. The growing trade deficit highlights a key issue with Japan's policy of achieving export growth with a weaker currency. Imports jumped 49.9% in the year to August, driven by costs of crude oil, coal and liquefied natural gas (LNG), and causing the trade deficit to swell to 2.8173 trillion yen ($19.71 billion), the biggest shortfall on record. The gain in imports was bigger than a median market forecast for a 46.7% rise and outstripped a 22.1% year-on-year increase in exports in the same month, Ministry of Finance data showed.

Finally: Analyst Wolf Richter at wolfstreet.com did a deep dive into the details of this week's inflation report and what he found wasn't pretty. While the headline CPI and even the core CPI weren't worse than expected, Richter found that the CPI for 'services' was a "nightmare", which "spiked relentlessly" to its highest increase since October of 1982. Services make up the vast majority of the U.S. economy and are now the main driver of inflation. A part of CPI is the large "food at home" category, which spiked to its worst level since February of 1979 at 13.5%. Food inflation is particularly worrisome because it hits low and middle-income households the most since they spend a relatively bigger part of their budgets on food. (Chart from wolfstreet.com)



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

"Risk happens slowly…
And then all at once!"

Yours truly,

Rial R. Moulton

Donald J Moulton

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Certified Financial Planner™

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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.

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://www.cnbc.com/2022/09/15/fedex-ceo-says-he-expects-the-economy-to-enter-a-worldwide-recession.html

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,0020Statistics Canada, Yahoo! Finance, stocksandnews.com, marketwatch.com, wantchinatimes.com, BBC, 361capital.com, pensionpartners.com, cnbc.com, FactSet.)