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The Markets

Was it a stutter step or have markets lost their balance?

Anybody who knows football can tell you a lot goes into every play. Strategy, practice, game review, and preparation all affect outcomes, as do decisions and execution during games. Many, many factors influence gains and losses on the field. Similarly, numerous issues affect the performance of stock and bond markets - a fact that became abundantly clear when pundits tried to explain last week's market downturn. Here are a few of the things which may have helped put investors on the defensive last week:

- **Fears of a China bubble:** According to *Barron's*, a dip in the nation's manufacturing index stirred experts' fears China may be experiencing a credit bubble that is creating property and infrastructure bubbles. If this proves true and the bubble bursts, the repercussions may be felt ~~down~~ ~~throughout~~ ~~the~~ ~~country~~ ~~and~~ ~~abroad~~.
- **Unease over unemployment:** Reuters suggested stronger economic growth in the United States, Japan, and Europe could camouflage issues related to youth unemployment and skills shortages.
- **Lack of enthusiasm over mixed earnings:** Fourth quarter earnings reports have been roughly in line with the mixed results reported throughout 2013. Sixty-three percent of companies' earnings beat analysts' expectations, 12 percent were in line, and 25 percent came in lower than expected.

So, is this a correction? Or, has the bull market concluded its run? You may as well ask whether the Broncos or the Seahawks will win on Sunday. Nobody knows for sure.

Data as of 1/24/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.6%	-3.1%	19.8%	11.5%	16.4%	4.5%
10-year Treasury Note (Yield Only)	2.7	NA	1.8	3.4	2.6	4.1
Gold (per ounce)	1.4	5.5	-24.2	-1.9	6.8	12.0
DJ-UBS Commodity Index	1.5	1.0	-10.0	-7.6	2.1	-1.0
DJ Equity All REIT TR Index	-0.7	2.0	0.0	9.9	21.0	8.5

Notes: S&P 500, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

HOW DO YOU DEFINE 'BIG DATA?' There is little agreement about the definition of 'Big Data.' Broadly speaking, it is a term that describes the storage and analysis of large and/or complex data sets. According to the *MIT Technology Review*, "There is unanimous agreement that big data is revolutionizing commerce in the 21st century. When it comes to business, big data offers unprecedented insight, improved decision-making, and untapped sources of profit." In other words, data - collected through rewards cards, social media websites, industry research, and other sources - is helping companies better understand their businesses and their customers.

Big data is helping companies in diverse industries. The International Business Times reported retailers, research in legal cases, stock trading, and patient monitoring are now handled by software after the arrival of big data."

The Big Data revolution also is likely to change the employment picture in the United States, according to a report titled, *The Future of Employment: How Susceptible Are Jobs to Computerization?* The report covered a study which was released by Oxford University last September and evaluated about 700 different types of occupations in the United States. It found about 47 percent of jobs in the United States are at risk of being computerized within the next two decades.

Occupations at low risk of being computerized included therapists of different types, social workers, curators, anthropologists, and others. Those at high risk included telemarketers, loan officers, payroll clerks, legal secretaries, and (ironically) data entry technicians.

Weekly Focus - Think About It...

"Truth is like the sun. You can shut it out for a time, but it ain't goin' away."

~Elvis Presley, *"The King of Rock and Roll"*

Best regards,

Lofy Group Wealth Management

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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* This newsletter was prepared by Peak Advisor Alliance.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.

* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* 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.

* Past performance does not guarantee future results.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.

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