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The Markets

Like a half-full bottle of champagne that was left uncorked overnight, stock markets were anything but effervescent during the first few days of 2014.

On Tuesday, December 31, the Standard & Poor's 500 Index (S&P 500) bubbled upwards, finishing 2013 at an all-time high. On Wednesday, markets were closed as Americans celebrated the New Year. On Thursday, despite relatively positive economic news, the S&P 500 suffered its worst first-day-of-the-new-year performance since 2008. Is it a hangover? Is it lethargy? Are people still on holiday?

Some folks think a key issue is concern about the Fed's changing monetary policy. *MarketWatch* suggested investors are wary about the timing of and reasoning behind the Federal Reserve's decision to taper quantitative easing (QE) this month, as well as conflicting comments made by Fed officials. Last

"...We also suspect U.S. and global economic growth will quicken more than most anticipate...Stronger economic growth combined with a further tightening in the resource markets (i.e., expect the unemployment rate to decline toward 6% by year-end and for the factory utilization rate to rise above 80% during the year) may lead to a modest rise in the U.S. inflation rate and produce the first "inflation scare/overheat/can the Fed exit fast enough" panic of the recovery."

Hold onto your hats! The minutes of the Fed's Open Market Committee meeting will be available this Wednesday and the way in which they're interpreted could buffet markets.

Data as of 1/3/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.6%	-0.9%	25.5%	12.9%	14.6%	5.0%
10-year Treasury Note (Yield Only)	3.0	NA	1.9	3.3	2.5	4.4
Gold (per ounce)	1.7	2.8	-26.5	-3.4	7.7	11.4
DJ-UBS Commodity Index	-2.1	-0.7	-9.9	-8.4	0.7	-1.2
DJ Equity All REIT TR Index	0.3	0.7	1.9	9.2	18.2	8.7

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.

WHAT MAKES A GREAT INVENTION? It probably depends on who you ask. The angel investors (a.k.a. sharks) on the television reality show *Shark Tank* share their opinions on air, and *Time Magazine* recently revealed its thoughts in print when it published, "The 25 Best Inventions of the Year 2013." The article suggested a great invention solves either a problem people thought couldn't be solved (such as helping quadriplegics walk) or a problem they didn't realize needed to be solved (who knew we needed a cronut - the offspring of a croissant and a donut - or an invisible skyscraper). Among *Time's* top inventions for 2013 were:

- **The 3Doodler:** (slide 12) If you think 3D printing is neat, check out the 3Doodler. It's a pen that melts and cools colored plastic so you can sketch and scribble actual structures. It's the more sophisticated brethren of Popsicle sticks and pipe cleaners.
- **Artificial memories:** (slide 14) It's likely to be just as controversial as cloning and the human genome, but scientists at MIT have managed to implant false memories in mice. They hope human applications will help treat depression and post-traumatic stress.

From the wheel to disposable diapers to the worldwide web, inventions have powered new industries and changed lives. So, are our most inventive days behind us? There are a few pessimists out there, but the *Time Invention Poll* found more than one-half of respondents think there are plenty of great inventions ahead. Where will they be discovered? Those polled said the United States, China, Japan, India, South Korea, and other nations.

Weekly Focus - Think About It...

"Creativity requires the courage to let go of certainties."

~Erich Fromm, German psychologist and philosopher

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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performance of the global equity securities that have readily available prices.

* 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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