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| |  |  | | --- | --- | |  | | | |  | | --- | | Giesting Financial Monthly Update | | | | MONTHLY QUOTE    "Change is the process by which the future invades our lives."  *– Alvin Toffler*      MONTHLY TIP    If you are planning for your financial future as a couple, consider setting both intermediate and long-range goals. Define the objectives that you want to accomplish in the next 5-10 years as well as your lifetime.      MONTHLY RIDDLE  A woman walks into a cabin one afternoon in Florida. That evening, she walks out of the same cabin, yet she is now in New York. How is this possible?      **Last month's riddle:**  I have no point, but I'm not a mistake. Move me back and forth, and I will fix your mistakes. What am I?      **Last month's answer:**  An eraser. | April 2016  **A MESSAGE FROM MARK…**  This is the new Giesting Financial Monthly Update – we hope you like it! Please continue to provide us with feedback regarding how you like to be communicated with so we can ensure you receive exactly the types of information you want, when you want it!    **THE MONTH IN BRIEF** The bulls ran back to Wall Street in March; the Dow, Nasdaq, and S&P 500 all gained more than 6% for the month, with the Dow and S&P returning to positive territory for the year. Oil prices continued to recover. The Federal Reserve left interest rates unchanged, and it also sent investors a dovish signal about raising rates across the rest of 2016. Though terrorist attacks in Belgium unnerved investors around the world, financial markets held up in their wake. Hiring and consumer confidence were strong, manufacturing grew stronger, and the economic news out of Europe and China was not gloomy.1    **DOMESTIC ECONOMIC HEALTH** Perhaps the biggest economic news of the month was the adjustment the Federal Reserve made to its 2016 interest rate projections. The Federal Open Market Committee decided 9-1 against a rate hike in March, but the real story was the new dot-plot chart outlining only two federal funds rate increases across the balance of the year. The median forecast for the benchmark interest rate at the start of 2017 was revised to 0.9%. The FOMC also revised its growth forecast downward, estimating 2016 GDP at 2.2% with inflation reaching only 1.2% by the end of the year.2    Companies were certainly hiring in March; the economy added another 215,000 jobs in the third month of the year. Greater labor force participation left the jobless rate a bit higher at 5.0%. The U-6 rate (unemployed + underemployed) increased a tenth of a percent to 9.8%. Average hourly wages were $25.43 last month, up 2.3% annually.3    The Commerce Department announced that consumer spending had edged up 0.1% in February; household wages rose 0.2%. Additional Commerce Department data showed retail sales dipping 0.1% during the second month of the year (the retreat was the same with car and truck sales removed).4,5    Major consumer confidence polls surpassed expectations. The March Conference Board survey improved 2.2 points to 96.2, which beat the 94.5 reading forecast by economists polled by Briefing.com. The University of Michigan's final March consumer sentiment survey came in at 91.0; the consensus Briefing.com projection was for a reading of 90.5.4    In terms of inflation, perhaps the biggest news was the 12-month gain for core consumer prices. At 2.3%, the year-over-year advance seen in February exceeded the Federal Reserve's target. Core consumer prices were up 0.3% in February alone.5    As for the health of the manufacturing and service sectors, the Institute for Supply Management's factory PMI went back above 50 in March, rising 2.3 points to a reading of 51.8 that indicated sector growth once again. ISM's service sector PMI had a reading of 53.4 in February, barely budging from its January mark of 53.5. Industrial output fell 0.5% in February and durable goods orders slipped 2.8%.4,5    Lastly, the Bureau of Economic Analysis closed the book on fourth-quarter GDP. In its final estimate, the BEA measured Q4 economic expansion at 1.4%.5    **GLOBAL ECONOMIC HEALTH** Faced with year-over-year deflation of 0.2%, the European Central Bank made some further (and unexpected) easing moves last month. March 10 saw EBC president Mario Draghi announce small cuts in multiple interest rates, a greater bond-buying effort, and increased bank lending to "reinforce the momentum of the euro area's economic recovery and accelerate the return of inflation to levels below, but close to, 2 percent," in Draghi's words. To some observers, these looked like desperation moves to try and revive a stalled economic engine. The latest EU employment figures showed the euro area jobless rate at 10.3%, more than double that of the U.S.; year-over-year, joblessness had declined in 24 of 28 eurozone countries.6,7    China's official manufacturing PMI showed its factory sector growing again in March. The 50.2 reading was the first showing expansion since July. The Caixin/Markit PMI for China also rose markedly in March, from 48.0 to 49.7. The nation's official service sector PMI also increased 1.1 points last month to 53.8. As Standard and Poor's lowered China's credit rating outlook from stable to negative in late March, these improvements were welcomed worldwide. S&P forecasts the PRC's economy to grow at least 6% annually during the next three years.8    **WORLD MARKETS** Nearly every Asia Pacific stock benchmark rose in March (Sri Lanka's Colombo Stock Exchange was the exception). No surprise here: the Shanghai Composite led the way among the region's marquee indices, rising 11.75%. Other notable gains: Hang Seng, 8.71%; Asia Dow, 10.00%; KSE 100, 5.64%; BSE Sensex, 10.17%; Kospi, 4.13%; Nikkei 225, 4.57%; ASX 200, 4.14%. The Global Dow gained 7.31%, the MSCI World 6.52%, the MSCI Emerging Markets 13.03%, and the Dow Jones Americas 7.26%. Speaking of the Americas, Brazil's Bovespa gained an astonishing 16.97% in March. Canada's TSX Composite rose 4.93% and Mexico's IPC All-Share, 4.96%.1,9    Europe's major bourses also posted gains. The DAX rose 4.95%, the CAC 40 0.72%, the STOXX 600 1.08%, the FTSE 100 1.28%, the FTSE MIB 2.80%, the IBEX 35 3.09%, and the RTS 13.97%. March saw the Europe Dow rise 5.48%.1    **COMMODITIES MARKETS**  On the NYMEX, light sweet crude continued its recovery from winter lows. At the close on March 31, the price of a barrel stood at $38.15. WTI crude gained 12.42% in March. Other major energy futures also surged; March brought gains of 35.34% for unleaded gasoline, 9.28% for heating oil, and 15.13% for natural gas.10    During a tough month for the greenback, the U.S. Dollar Index gave back 3.59% as it fell to a March 31 settlement of 94.64. Gold lost 0.61% in March while other important metals ascended; copper rose 2.78%, platinum 4.59%, and silver 3.62%. Gold finished March at $1,232.50 on the COMEX, silver at $15.44. March saw a jumps for coffee futures; they gained 12.62%. Corn lost 0.92%, but sugar advanced 5.43%, wheat 6.13%, soybeans 6.50%, cotton 3.43%, and cocoa 0.14%.10,11    **REAL ESTATE** New home sales rose 2.0% for February, but as the Census Bureau reported, the entire 2.0% February advance was due to a 38.5% surge in new home buying in the West. The median sale price for a new home had increased across the past 12 months; a 2.6% gain to $301,400. Existing home purchases declined 7.1% during February, the National Association of Realtors noted; the median sale price was 4.4% higher than a year earlier at $210,800. Speaking of the values of existing homes, January's 20-city S&P/Case-Shiller home price index measured 5.7% year-over-year price appreciation.4,12    Pending home sales were positive in February: the 3.5% gain took them to a level unseen in seven months, and put NAR's index of housing contract activity up 0.7% year-over-year. The Census Bureau reported a 5.2% rise in housing starts in February, and a 3.1% fall for building permits.5,13    On March 3, average interest rates for mortgage types in Freddie Mac's Primary Mortgage Market Survey stood as follows: 30-year FRM, 3.64%; 15-year FRM, 2.94%; 5/1-year ARM, 2.84%. By March 31, the PMMS showed the average rate on the 30-year FRM reaching 3.71%, the average rate for the 15-year FRM hitting 2.98%, and the average rate on the 5/1-year ARM up at 2.90%.14    **LOOKING BACK…LOOKING FORWARD** Across March, the Dow rose an impressive 7.08% to 17,685.09; the small caps actually advanced further, as the Russell 2000 surged 7.75% to wrap up the third month of the year at 1,114.03. The S&P 500 gained 6.60% while the Nasdaq rose 6.84%; they respectively settled at 2,059.74 and 4,869.85 on March 31. March was definitely not a good month for the CBOE VIX; it fell 32.12% to 13.95. Did any stateside index rise more than 10% last month? Yes, two did: the PHLX Housing index gained 10.95% and the PHLX Oil Service index advanced 10.09%.1     |  |  |  |  |  | | --- | --- | --- | --- | --- | | % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG | | DJIA | +1.49 | -0.51 | +8.71 | +5.92 | | NASDAQ | -2.75 | -0.63 | +15.02 | +10.81 | | S&P 500 | +0.77 | -0.39 | +11.07 | +5.91 | | REAL YIELD | 3/31 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO | | 10 YR TIPS | 0.16% | 0.18% | 0.99% | 2.35% |     Sources: wsj.com, bigcharts.com, treasury.gov – 3/31/161,15,16,17  Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.    After a fine March, will we see more gains in April? If stocks rise for two straight months, could that hint at a major bullish move in the second half of the year? It is too early to tell if all that will happen, and April (traditionally a strong month for stocks) presents a number of question marks. Investors now assume that the Fed will hike rates just twice in 2016, but one of those rate hikes could occur in April. Concerns that stocks are overvalued persist, and mediocre global growth is weighing on corporate earnings. Central banks worldwide can only provide so much economic stimulus. If the bulls can maintain some momentum in the face of all these uncertainties, this month could offer some pleasant surprises. On February 11, the Dow closed down 10.1% YTD; six weeks later, the Dow finished March in the green for 2016.18    **UPCOMING ECONOMIC RELEASES:** Here is the roll call of major U.S. economic news items for the rest of April. February factory orders (4/4), the March ISM service sector PMI (4/5), minutes from the March Federal Reserve monetary policy meeting (4/6), February wholesale inventories (4/8), March retail sales, the March PPI, February business inventories and the latest Fed Beige Book (4/13), the March CPI (4/14), the initial University of Michigan consumer sentiment index for March and March industrial output (4/15), March housing starts and building permits (4/19), March existing home sales (4/20), March new home sales (4/25), the Conference Board's April consumer confidence index, the February edition of the S&P/Case-Shiller home price index, and March durable goods orders (4/26), a Federal Reserve interest rate decision and NAR's report on March pending home sales (4/27), the BEA's first estimate of Q1 economic growth (4/28), and then March consumer spending figures and the University of Michigan's final April consumer sentiment index (4/29). | | ***Please feel free to forward this article to family, friends or colleagues.*** ***If you would like us to add them to our distribution list, please reply with their address.*** ***We will contact them first and request their permission to add them to our list.*** | | |  | | | This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. 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The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The CBOE Volatility Index® (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. The Colombo Stock Exchange (CSE) is the main stock exchange in Sri Lanka. The SSE Composite Index is an index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange. The Hang Seng Index is a freefloat-adjusted market capitalization-weighted stock market index that is the main indicator of the overall market performance in Hong Kong. The Asia Dow measures the Asia equity markets by tracking 30 leading blue-chip companies in the region. Karachi Stock Exchange 100 Index (KSE-100 Index) is a stock index acting as a benchmark to compare prices on the Karachi Stock Exchange (KSE) over a period. The BSE SENSEX (Bombay Stock Exchange Sensitive Index), also-called the BSE 30 (BOMBAY STOCK EXCHANGE) or simply the SENSEX, is a free-float market capitalization-weighted stock market index of 30 well-established and financially sound companies listed on the Bombay Stock Exchange (BSE). The Korea Composite Stock Price Index or KOSPI is the major stock market index of South Korea, representing all common stocks traded on the Korea Exchange. Nikkei 225 (Ticker: ^N225) is a stock market index for the Tokyo Stock Exchange (TSE). The Nikkei average is the most watched index of Asian stocks. The S&P/ASX 200 index is a market-capitalization weighted and float-adjusted stock market index of Australian stocks listed on the Australian Securities Exchange from Standard & Poor's. The Global Dow is a 150-stock index of corporations from around the world created by Dow Jones & Company. The MSCI World Index is a free-float weighted equity index that includes developed world markets, and does not include emerging markets. The MSCI Emerging Markets Index is a float-adjusted market capitalization index consisting of indices in more than 25 emerging economies. The Dow Jones Americas Index measures the Latin American equity markets by tracking 30 leading blue-chip companies in the region. The Bovespa Index is a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange. The S&P/TSX Composite Index is an index of the stock (equity) prices of the largest companies on the Toronto Stock Exchange (TSX) as measured by market capitalization. The Mexican IPC index (Indice de Precios y Cotizaciones) is a major stock market index which tracks the performance of leading companies listed on the Mexican Stock Exchange. The DAX 30 is a Blue Chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. The CAC-40 Index is a narrow-based, modified capitalization-weighted index of 40 companies listed on the Paris Bourse. The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. The FTSE MIB (Milano Italia Borsa) is the benchmark stock market index for the Borsa Italiana, the Italian national stock exchange. The IBEX 35 is the benchmark stock market index of the Bolsa de Madrid, Spain's principal stock exchange. The RTS Index (abbreviated: RTSI, Russian: Индекс РТС) is a free-float capitalization-weighted index of 50 Russian stocks traded on the Moscow Exchange. The Europe Dow measures the European equity markets by tracking 30 leading blue-chip companies in the region. The US Dollar Index measures the performance of the U.S. dollar against a basket of six currencies. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. All economic and performance data is historical and not indicative of future results. Market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.    **Citations.**  1 - wsj.com/mdc/public/page/2\_3023-monthly\_gblstkidx.html [3/31/16]  2 - marketwatch.com/story/federal-reserve-sees-just-two-rate-hikes-in-2016-2016-03-16 [3/16/16]  3 - forbes.com/sites/samanthasharf/2016/04/01/jobs-report-215000-jobs-added-in-march-unemployment-rate-higher-at-5/ [4/1/16]  4 - briefing.com/investor/calendars/economic/2016/03/28-01 [4/1/16]  5 - tradingeconomics.com/united-states/calendar [3/31/16]  6 - denverpost.com/business/ci\_29623578/european-central-bank-surprises-broad-stimulus-action [3/10/16]  7 - ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\_statistics [3/31/16]  8 - cnbc.com/2016/03/31/chinas-official-manufacturing-pmi-comes-in-at-502-in-march-well-above-forecasts.html [3/31/16]  9 - msci.com/end-of-day-data-search [3/31/16]  10 - money.cnn.com/data/commodities/ [3/31/16]  11 - marketwatch.com/investing/index/dxy/historical [4/1/16]  12 - latimes.com/business/la-fi-new-home-sales-20160323-story.html [3/23/16]  13 - constructiondive.com/news/pending-home-sales-climb-35-to-7-month-high/416361/ [3/31/16]  14 - freddiemac.com/pmms/archive.html [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=3%2F31%2F15&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=3%2F31%2F15&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=3%2F31%2F15&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=3%2F31%2F11&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=3%2F31%2F11&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=3%2F31%2F11&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=3%2F31%2F06&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=3%2F31%2F06&x=0&y=0 [3/31/16]  15 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=3%2F31%2F06&x=0&y=0 [3/31/16]  16 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [3/31/16]  17 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [3/31/16]  18 - usatoday.com/story/money/2016/03/28/stocks-whats-next/82249392/ [3/28/16] | | |  |  | |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | |  | | --- | | **Mark Giesting, ChFC** | | Owner and Principal Financial Adviser | |  | | 4A East Boehringer St., Batesville, IN 47006 | |  | | **Phone:**812-933-1791 | | [mgiesting@giestingfinancial.com](mailto:mgiesting@giestingfinancial.com)    [www.giestingfinancial.com](http://www.giestingfinancial.com/) | | |
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