WEEKLY MARKET COMMENTARY May 13, 2013

The Markets

'Sell in May and Go Away' is a trading maxim which, according to Investopedia, encourages an investor to "sells his or her stock holdings in May and get back into the equity market in November..." Traders who adhere to that adage may be pondering averages and exceptions right now. During the first two weeks of the month, the Dow Jones Industrials Average, the Standard & Poor's 500, and the Russell 2000 Indices all reached new highs. The Dow passed 15,000, the S&P reached 1,600, and the Russell 2000 hit 968.

Bulls are in the majority among investors, although there is some bearish sentiment, according to the Bull and Bear Wise Index. Investors' changing expectations are reflected in CNNMoney's Fear & Greed Index which showed investor sentiment has shifted from 'fear' one year ago to 'extreme greed' last week. The premise of the index, which measures seven indicators, is investors are driven by two emotions: fear and greed. When investors are fearful, stock markets may fall more than they should; when investors are greedy, markets may be pushed higher than they should be.

Investors' inclination toward stocks may be one of the reasons for declines in the value of gold and commodities last week.

Although there was little of it, economic news generally was positive last week. The U.S. Labor Department announced the number of Americans filing initial claims for jobless benefits dropped unexpectedly. Approximately 323,000 people filed for unemployment benefits which was about the same number that filed each week before the recession started in December 2007. According to Bloomberg, investors took the news as a sign the U.S. economy is improving which helped push yields on 10-year Treasuries higher.

Perceived economic strength in the U.S. caused the U.S. dollar to gain against many of the 16 major world currencies last week, as well as the 24 emerging countries' currencies tracked by Bloomberg.com.

Data as of 5/10/13	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500	1.2%	14.6%	20.3%	12.1%	3.1%	5.6%
10-year Treasury Note (Yield Only)	1.9	N/A	1.9	3.5	3.8	3.6
Gold (per ounce)	-2.9	-15.8	-10.8	6.0	10.1	15.1
DJ-UBS Commodity Index	-0.9	-5.1	-3.0	0.4	-9.3	1.2
DJ Equity All REIT TR Index	0.8	16.0	22.4	17.4	7.0	12.3

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.

WHERE WILL YOU LIVE DURING RETIREMENT? As with many of life's important questions, the answer depends on you and, possibly, your partner or spouse. Before you make a decision and decide to retire to wherever your grandchildren live (or in your favorite vacation spot) you might want to take a moment and consider the tax implications of your decision.

If your grandchildren live in Alaska, Nevada, Wyoming, Mississippi, or Georgia, you're probably okay. Each year, Kiplinger.com reviews the tax rules of each of the 50 states, giving special consideration to states which offer attractive tax incentives to retirees and then provides a list of those states it deems most tax-friendly for retirees. For 2012, Kiplinger reported the five states listed above were the most tax-friendly. According to the article,

> "All of these tax havens exempt Social Security benefits from taxation (and some impose no state income tax at all). Many of them exclude government and military pensions from income taxes, and some exempt private pensions, too. A few offer blanket exclusions up to a specific dollar amount of retirement income from a wide variety of sources, which is important if you depend on distributions from IRAs and 401(k) plans rather than traditional pensions. Review all of your sources of income before you decide which state may be the best fit for your retirement home."

Kiplinger.com reported the least tax-friendly states included Connecticut, Vermont, Rhode Island, Montana, and Minnesota, which have one or more of the following:

- Estate or inheritance taxes
- High property taxes
- No tax breaks on Social Security benefits
- No special treatment for various types of retirement income

Source: *Kiplinger.com*

No matter where you decide to settle, it's important to evaluate all of the factors which may affect your income during retirement.

Weekly Focus – Think About It

"Every saint has a past and every sinner has a future."

--Oscar Wilde, Irish writer and poet

Financial Factoid: At Friday's (5/10/13) close of 1634, the S&P 500 is at a higher value than what 9 of 10 Wall Street equity strategists forecasted for the stock index for 12/31/13. The year-end 2013 predictions were made on 12/17/12. The close of stock trading last Friday completes just 19 weeks of calendar year 2013 (source: Barron's).

Epic Humor: A young boy enters a barber shop and the barber whispers to his customer, "This is the dumbest kid in the world. Watch while I prove it to you." The barber puts a dollar bill in one hand and two quarters in the other, then calls the boy over and asks, "Which do you want, son?" The boy takes the quarters and leaves. "What did I tell you?" said the barber. "That kid never learns!" Later, when the customer leaves, he sees the same young boy coming out of the ice cream store. "Hey, son! May I ask you a question? Why did you take the quarters instead of the dollar bill?" The boy licked his cone and replied, "Because the day I take the dollar, the game is over!"

Have a great week!

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* 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 DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the 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