

# Weekly Market Commentary

## February 22, 2016

### The Markets

And the economic data says...

The United States economy is doing pretty well. So well that a March rate hike by the Federal Reserve is not entirely out of the question. *Barron's* described the situation like this:<sup>1</sup>

“Squawking pessimism can't drown out what is a very respectable start to 2016. Economic data so far this year, apart from predictions of deflation and negative interest rates, could justify what was scheduled to be, but what soon seemed impossible, a rate hike at the March FOMC. Yes, global factors are a risk and are hurting the factory sector but service prices are definitely on the climb and vehicle prices and vehicle production, reflecting strength in domestic demand, are back up. Ignore the cacophony of doubt and look at the economic data for yourself!”

U.S. economic data was generally positive last week, but that wasn't the primary driver behind the rally in U.S. stock markets, according to *Reuters*.<sup>2</sup> Nope, that had more to do with oil prices. Despite serious political differences, Iran and Saudi Arabia appeared to reach an accord on oil production last week, when Iran endorsed a plan by Saudi Arabia to stabilize global oil prices, according to *The Guardian*.<sup>3</sup> The agreement pushed oil prices higher mid-week.

However, late in the week, news that oil stockpiles in the U.S. were at record levels reignited worries about oversupply and oil prices fell at week's end.<sup>3</sup> U.S. stock markets followed, giving back some of the week's gains on Friday, but all of the major indices finished more than 2 percent higher for the week.<sup>4</sup>

Economic data may dominate the news next week. We'll get more information on housing, durable goods orders, jobless claims for February, and a revised estimate for fourth quarter's gross domestic product growth.<sup>5</sup> *Barron's* suggested a strong employment report in tandem with rising prices could influence the Fed's interest rate decision.<sup>1</sup>

<b>Data as of 2/19/16</b>	<b>1-Week</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 (Domestic Stocks)	2.8%	-6.2%	-8.6%	7.8%	7.8%	4.1%
Dow Jones Global ex-U.S.	4.4	-8.4	-17.6	-4.3	-3.2	-0.7
10-year Treasury Note (Yield Only)	1.8	NA	2.0	2.0	3.5	4.6
Gold (per ounce)	-0.7	15.9	1.8	-8.5	-2.6	8.3
Bloomberg Commodity Index	-0.4	-4.4	-27.2	-18.6	-14.2	-7.6
DJ Equity All REIT Total Return Index	4.1	-5.8	-6.2	6.4	9.2	5.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg 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 Total Return 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.

**WONDERING WHAT THE NEXT DECADE MAY BRING?** America is renowned for innovation – originating ideas that change the ways in which people live and work. From the cotton gin to the assembly line, the transcontinental railroad to the automobile, the telephone to the Internet, ideas and inventions have spurred America’s economic growth during the past two centuries.<sup>6,7</sup> Here are a few inventions that are on the horizon:

- **The Superman memory crystal:** Imagine, a tiny piece of glass etched by a laser that has the capacity to save an enormous amount of data for more than 13 billion years, according to *LiveScience.com*. One tiny disc currently holds the Magna Carta, Universal Declaration of Human Rights, and King James Bible.<sup>8</sup>
- **A transparent antipeep piezoelectric nanogenerator (TAPN):** It may have a tongue twister of a name right now, but the TAPN could become as familiar as your phone charger in the future. All you’ll have to do is place a transparent film on the touchscreen of a smartphone or another device, and then every tap on the screen will generate electricity. Which begs the question: Could texting teenagers power the world?<sup>9,10</sup>
- **A braille printer:** A 12-year-old used Legos to build an inexpensive printer for people who are blind or suffering from macular degeneration or other conditions that affect eyesight. It used a thumbtack to punch braille dots into paper. Newer prototypes don’t rely on thumbtacks, and are expected to translate words from a computer screen into braille very quickly.<sup>11</sup>
- **A fry pan that teaches cooking:** Cooking will not become a lost art if a couple of hungry and cooking-challenged college students are successful. They’ve developed a smart frying pan. The pan transmits temperature data to the cook using a smartphone app that also lets the cook know when it’s time for the next step in a recipe.<sup>12</sup>

The human brain is an engine for innovation, and innovation is a driver of economic growth. Let’s hope the outlook is good for brainstorming in the United States and across the globe.

## Weekly Focus – Think About It

“Software innovation, like almost every other kind of innovation, requires the ability to collaborate and share ideas with other people, and to sit down and talk with customers and get their feedback and understand their needs.”

--Bill Gates, Founder of Microsoft<sup>13</sup>

Best regards,

**Jim**

*Feel free to visit our website at:*

[www.franklin-group.com](http://www.franklin-group.com)

*Our Wealth Management users can login under the “Client Center” tab.*

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.

- \* Securities offered through MML Investor Services Inc. Member FINRA/SIPC.
- \* **These views are those of PEAK, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.**
- \* 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. Due to ongoing market volatility, current performance may be more or less than the results shown in this white paper.
- \* To unsubscribe from the "Weekly Market Commentary", please reply to this e-mail with "Unsubscribe" in the subject line, or write us at Franklin Financial Group, 11350 McCormick Rd. EPIV Ste.200, Hunt Valley, MD 21031.

\* Compliance Number: CRN201802-200037

Sources:

- <sup>1</sup> [http://www.barrons.com/mdc/public/page/9\\_3063-economicCalendar.html](http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html) (Click on U.S. & Intl Recaps and select "The year of the chicken")
- <sup>2</sup> <http://www.reuters.com/article/us-global-markets-idUSKCN0VS030>
- <sup>3</sup> <http://www.theguardian.com/business/2016/feb/20/oil-price-plunging-saudi-arabia-iran-alliance-enemies>
- <sup>4</sup> [http://www.barrons.com/mdc/public/page/9\\_3063-economicCalendar.html](http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html) (Click on U.S. & Intl Recaps and select "A better week for equities")
- <sup>5</sup> [http://www.barrons.com/mdc/public/page/9\\_3063-economicCalendar.html](http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html) (2016 Economic Calendar for the week of February 22, 2016)
- <sup>6</sup> <http://www.brookings.edu/blogs/future-development/posts/2015/10/12-europe-america-innovation-khan>
- <sup>7</sup> <http://www.history.com/topics/inventions>
- <sup>8</sup> <http://www.livescience.com/53783-superman-memory-crystal-data-storage.html>
- <sup>9</sup> <http://onlinelibrary.wiley.com/doi/10.1002/sml.201502453/full>
- <sup>10</sup> <http://www.livescience.com/53565-touch-screen-coating-generates-electricity.html>
- <sup>11</sup> <http://www.popsci.com/braille-printer-born-lego>
- <sup>12</sup> <http://www.popsci.com/frying-pan-teaches-you-cook>
- <sup>13</sup> [http://www.brainyquote.com/quotes/quotes/b/billgates626265.html?src=t\\_innovation](http://www.brainyquote.com/quotes/quotes/b/billgates626265.html?src=t_innovation)