# Weekly Market Commentary
# September 6, 2016

## The Markets

"We can never know about the days to come, but we think about them anyway…"

--*Carly Simon*

Economists and market analysts have been thinking a lot about the Federal Reserve and the actions it may take before the end of 2016. Friday's employment numbers helped fan the speculative fire. The *U.S. Labor Department* reported the unemployment rate remained at 4.9 percent with 151,000 jobs added during August.

The broad market consensus was 180,000 jobs would be created, according to *MarketWatch*. The publication cited a source as saying the report, "…wasn't strong enough to force the Fed to raise rates in September, but it also wasn't weak enough to raise concern about the U.S. economy or dampen the outlook for corporate earnings. As such it's a mildly dovish report…"

Economists and political leaders also are thinking a lot about the impending British exit from the European Union (EU). At the G20 Summit – a forum for government and central bank leaders from 20 countries – British Prime Minister Theresa May confirmed, "Brexit means Brexit." However, the *BBC* reported there remains a general lack of agreement within the British government about exactly what the country's relationship with the EU should be after Brexit.

The potential effects of Brexit gained some clarity at the G20. *The Guardian* reported, "…the U.S. wanted to focus on trade negotiations with the EU and a bloc of pacific nations before considering a deal with the U.K." In addition, it reported Japan threatened, "…a string of corporate exits from the U.K. unless some of the privileges that come with access to the single market are maintained."

U.S. stock markets remained sanguine. The Dow Jones Industrial and Standard & Poor's 500 Indices finished the month almost flat. Most stock markets across Europe finished the month higher.

| Data as of 9/2/16 | 1-Week | Y-T-D | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| Standard & Poor's 500 (Domestic Stocks) | 0.5% | 6.7% | 11.9% | 10.0% | 13.2% | 5.2% |
| Dow Jones Global ex-U.S. | 1.0 | 3.9 | 6.4 | 0.2 | 1.8 | -0.2 |
| 10-year Treasury Note (Yield Only) | 1.6 | NA | 2.2 | 2.9 | 2.0 | 4.8 |
| Gold (per ounce) | 0.5 | 24.7 | 16.4 | -1.6 | -6.7 | 7.8 |
| Bloomberg Commodity Index | -2.4 | 5.6 | -6.7 | -14.3 | -12.6 | -7.0 |
| DJ Equity All REIT Total Return Index | 1.6 | 15.0 | 27.7 | 16.4 | 14.7 | 6.8 |

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.

**WE'RE DEVILS AND BLACK SHEEP, AND REALLY BAD EGGS…** The movie, *Pirates of the Caribbean*, made light of piracy but maritime crime has a significant economic impact.

About 50 percent of the goods that trade globally travel by sea, according to the United Nations Conference on Trade and Development (UNCTAD)'s 2014 report, *Maritime Piracy*. It estimated the economic costs of piracy – including ransoms, insurance, re-routing ships, security equipment and guards, naval forces and military operations, counter-piracy organizations, and other factors – at $7-12 billion in 2010.

During the first half of 2016, however, the cost hit a two-decade low. *The Economist* reported:

> "The recent decline in global piracy can be attributed in part to better security on ships. For years, the UN's International Maritime Organization discouraged boat owners from arming their crews. Ships tried in vain to defend against heavily-armed pirates using little more than diligent watch-keeping and water cannons. In the mid-2000s, facing rising insurance and ransom costs, shipping companies began employing private security contractors. These firms are increasingly supplied by "floating armories" to help evade laws that bar crews from bringing weapons into territorial waters…Better policing of the high seas has also played a part."

In 2010, governments and marine insurers identified high-risk shipping areas. Not long after, floating armories were established and became a type of temporary agency for armed guards on the high seas. *The Economist* reported, "At the peak of Somali piracy in 2012, ship owners would pay about $45,000 per trip for armed guards." When they weren't on a client's ship, guards returned to the floating armory until employed by another merchant ship.

Floating armories are experiencing some growing pains, as have many fledgling industries before them. Piracy is down, and so is demand for their services.

## Weekly Focus – Think About It

The *Federal Election Commission* (FEC) recently sent letters to individuals who have filed to be Presidential contenders, who may not really be qualified to run. The list of suspect candidates includes Darth Vader, Jean-Luc Picard, God, Captain Crunch, and Queen Elsa. A letter sent to H. Majesty Satan Lord of Underworld Prince of Darkness said:

> "It has come to the attention of the Federal Election Commission that you may have failed to include an accurate candidate name and an accurate principal campaign committee under 52 U.S.C. § 30102(e) when you filed FEC Form 2…Furthermore, the Commission requires the filing to be true, correct, and complete…Additionally, knowingly and willfully making any materially false, fictitious, or fraudulent statement or representation to a federal government agency, including the Federal Election Commission, is punishable under the provisions of 18 U.S.C. § 1001."

Best regards,

**FIDES Wealth Strategies Group**

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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http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html (Click on "U.S. and Intl Recaps," "U.S. rate expectations drive markets," then scroll down to the "Global Stock Market Recap" chart) (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/09-06-16_Barrons-Global_Stock_Market_Recap-Footnote_6.pdf)
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