

Weekly Commentary March 19, 2012

The Markets

It was a busy week on Wall Street with numerous big moves and key milestones hit. Here are a few of the highlights:

- The S&P 500 index and the Dow Jones Industrial Average had their biggest weekly gains since last December.
- The S&P 500 closed at its highest level in nearly four years and the NASDAQ index closed at its highest level in more than 10 years.
- Yields on U.S. government bonds rose substantially on the back of “steady albeit moderate economic expansion,” according to Barron’s.
- Gasoline prices continued to rise and are now up 18 percent since December and pump prices topped \$4 a gallon in many parts of the country.
- Employment is looking better as initial claims for U.S. unemployment benefits matched a four-year low.

Sources: *Barron’s*, *The Wall Street Journal*, MarketWatch

In addition, the Federal Reserve released a policy statement last week that was well-received by the markets. MarketWatch wrote, “The central bank seems keen on stressing that it will do everything it can to keep rates low and allow the economy time to heal.” Economist Ian Shepherdson commented that the Fed, “is clearly shifting its stance away from blanket gloom to something more realistic.”

And, to add even more bubbly to last week’s rosy news, Apple stock briefly pierced an all-time high of \$600 per share on enthusiasm for the new iPad. This isn’t a buy or sell recommendation for the stock, but merely an indication of the market’s recent bullish enthusiasm.

While the market may be in a giving mood now, it can take it away quickly and without ringing a bell. Either way, we remain diligent in doing the best we can on your behalf.

Data as of 3/16/12	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.4%	11.7%	9.8%	23.0%	0.2%	1.9%
DJ Global ex US (Foreign Stocks)	1.5	12.9	-2.2	19.6	-2.8	5.4
10-year Treasury Note (Yield Only)	2.3	N/A	3.2	3.0	4.6	5.3
Gold (per ounce)	-1.8	5.3	18.3	21.7	20.5	19.0
DJ-UBS Commodity Index	0.6	3.9	-7.3	10.8	-2.6	4.0
DJ Equity All REIT TR Index	2.8	9.0	15.3	43.9	-0.3	10.4

Notes: S&P 500, DJ Global ex US, 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.

WHY IS MONGOLIA ONE OF THE WORLD'S FASTEST GROWING ECONOMIES and is there a lesson to be learned from them? While the U.S. economy languished at a 1.7 percent growth rate in 2011, Mongolia – a landlocked country sandwiched between China and Russia – grew a staggering 17.3 percent, according to *The Wall Street Journal*.

Blessed with an abundance of natural resources such as copper, gold, and coal, Mongolia's growth has been turbocharged by foreign investors seeking to exploit its still largely untapped commodities.

Now, here's where it gets interesting. The Organization for Economic Co-operation and Development (OECD), just released a study that shows there is, "a significant negative relationship between the money countries extract from national resources and the knowledge and skills of their school population." Another way of saying this is countries with very few natural resources (think Japan or Hong Kong) tend to have highly educated students.

The OECD said countries with few natural resources tend to realize that "the country must live by its knowledge and skills and that these depend on the quality of education." By contrast, resource rich countries (with some exceptions), tend to take the path of least resistance and generate wealth through digging up their resources. Often, they then fail to convert this wealth "into the human capital that can generate the economic and social outcomes to sustain their future."

It remains to be seen if Mongolia will learn from history and turn its resource riches into long-term educational dividends.

The U.S. is fortunate because we do have abundant natural resources. However, there's always room for improvement in taking the spoils of these resources and converting them into positive economic and social outcomes that can propel us well into the future.

As the OECD wrote, "Knowledge and skills have become the global currency of 21st century economies. But, there is no central bank that prints this currency, you cannot inherit this currency, and you cannot produce it through speculation, you can only develop it through sustained effort and investment by people and for people."

Weekly Focus – Think About It

"We do not inherit the earth from our ancestors, we borrow it from our children."

--Native American proverb

Best regards,



Robert T. Koczent, Jr.
V.P., Director of Financial Services
Chartered Retirement Planning Counselor

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 LPL Financial, Member FINRA/SIPC.

* This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.

* 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.

* To unsubscribe from the Weekly Commentary please reply to this e-mail with "Unsubscribe" in the subject line, or write us at LNB Financial Services, 339 Exchange St., Geneva, NY 14456.

Sources:

http://online.barrons.com/article/SB50001424053111904797004577277503979885574.html?mod=BOL_twm_mw

http://online.wsj.com/article/SB10001424052702304459804577284991524908150.html?mod=WSJ_Markets_LEFTTopStories

<http://blogs.marketwatch.com/thetell/2012/03/16/big-weekly-jumps-for-stocks-bond-yields-end-with-a-whimper/>

<http://www.marketwatch.com/story/mixing-gasoline-and-politics-2012-03-16>

http://www.marketwatch.com/story/us-jobless-claims-match-four-year-low-2012-03-15?link=MW_story_insert

<http://www.marketwatch.com/story/fed-stands-pat-downplays-pickup-in-economy-2012-03-13>

<http://www.cnn.com/id/46758866>

<http://oecdeducationtoday.blogspot.com/2012/03/knowledge-and-skills-are-infinite-oil.html>

<http://www.bea.gov/newsreleases/national/gdp/gdphighlights.pdf>

<http://online.wsj.com/article/SB10001424052702303717304577279380868600886.html?KEYWORDS=rapidly+growing+mongolia>

<http://www.quotegarden.com/environment.html>