

Market Update 3-10-14 and How Much Are You Saving?

[https://ui.constantcontact.com/visualeditor/visual\\_editor\\_preview.jsp?agent.uid=111679...](https://ui.constantcontact.com/visualeditor/visual_editor_preview.jsp?agent.uid=111679...)



Thomas Cymer, CFP(r), CRPC(r)  
President and Financial Professional  
[Opulen Financial Group, LLC](#)

---

• Opulen Financial Group, LLC.

Thomas Cymer CFP® CRPC® Presents:

# WEEKLY ECONOMIC UPDATE

March 10, 2014

**WEEKLY QUOTE**

"Only a life lived for others is a life worthwhile."

- Albert Einstein

**WEEKLY TIP**

Some couples establish residency in separate states in pursuit of tax advantages. If you are considering this move, keep precise track of how many days each of you spend in each state.

**WEEKLY RIDDLE**

Lidia immediately went bankrupt after the car she was pushing around stopped in front of a hotel. It sounds sad, but she wasn't upset. What was she doing?

**Last week's riddle:**  
I have rosy cheeks, I am round and cute - yet debate persists over whether I am vegetable or fruit. What might I be?

**Last week's answer:**  
A tomato.

**ECONOMY ADDS 175,000 MORE JOBS**

February's payroll growth was decent, and seemingly unimpeded by the weather. Last month's net jobs gain approximated the 12-month average of 179,000 recorded by the Labor Department, which also revised January and December totals north by a collective 25,000 hires. Few of the 264,000 new participants in the job hunt found work last month, so the unemployment rate ticked up to 6.7%. The average hourly wage rose \$0.09 in February, the largest monthly increase since June.<sup>1</sup>

**CONSUMER SPENDING BEATS EXPECTATIONS**

Last month saw personal spending increase 0.4% and personal incomes rise 0.3%. Economists polled by MarketWatch felt that February's Commerce Department report would show 0.2% gains for each category. Personal spending was up only 0.1% in January.<sup>2</sup>

**FEBRUARY PMIs RISE & FALL**

According to the Institute for Supply Management, growth in the manufacturing sector accelerated last month while service sector growth moderated. ISM recorded a 1.9% rise in its manufacturing PMI for February to a mark of 53.2, but the Institute's non-manufacturing PMI slipped 2.4% last month to a reading of 51.6.<sup>3</sup>

**BULL MARKET TURNS FIVE, S&P HITS ANOTHER PEAK**

Having gained 1.00% across five days, the S&P 500 settled at 1,878.04 Friday, yet another record close. Friday's positive jobs data also factored into weekly advances for the Nasdaq (+0.65% to 4,336.22) and Dow (+0.79% to 16,452.72).<sup>3,4</sup>

**THIS WEEK:** Stateside, no major economic releases are scheduled for Monday; China reports February trade surplus and inflation figures, and Urban Outfitters reports earnings. Tuesday brings a Commerce Department report on January wholesale inventories and earnings from VeriFone, Dick's Sporting Goods and American Eagle Outfitters. Wednesday's earnings include Williams-Sonoma, Men's Wearhouse and Krispy Kreme. Thursday offers data on February retail sales and January business inventories, plus earnings from Volkswagen, Dollar General and Aeropostale and the latest initial jobless claims figures; overseas, China releases February industrial output and retail sales data. Friday sees the release of the February PPI, the preliminary March consumer sentiment index from the University of Michigan and Q4 results from Leap Wireless.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-0.75	+14.82	+29.65	+5.63
NASDAQ	+3.82	+34.16	+47.03	+11.59
S&P 500	+1.61	+21.61	+34.96	+6.37
<b>REAL YIELD</b>	<b>3/7 RATE</b>	<b>1 YR AGO</b>	<b>5 YRS AGO</b>	<b>10 YRS AGO</b>
10 YR TIPS	0.57%	-0.56%	2.02%	1.43%

Sources: USATODAY.com, bigcharts.com, treasury.gov - 3/7/14<sup>4,5,6,7</sup>

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.

*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.*

## Why Do We Save So Little?

*What's good for the economy isn't necessarily good for our future.*

Provided by Thomas Cymer CFP® CRPC®

**Our parents & grandparents saved much more than we do.** Most people who have read up on the economy for any length of time have heard of the personal saving rate (PSAVERT), which the Commerce Department calculates as the ratio of personal saving to disposable personal income. The January personal spending report released by the Commerce Department in early March showed the PSAVERT at 4.3%.<sup>1</sup>

As recently as January 2013, households were saving just 2.3% of their disposable incomes - so this can be labeled a short-term improvement. It still pales in comparison to the way Americans used to save.<sup>2</sup>

The "greatest generation" had a culture of saving. Its thrift was reinforced further by hard times and a call for personal sacrifices as the economy endured the Great Depression and stateside rationing during WWII. The Commerce Department began measuring household saving in 1959, and as unbelievable as it may seem today, households saved 10% or more of their disposable incomes through nearly all of the Sixties. In May 1975, the personal savings rate reached a historic peak of 14.60%.<sup>1,2</sup>

From 1959 to the present, the PSAVERT average has been 6.84 percent - but the 21st century shows evidence of a significant decline. The savings rate fell into the 1-3% range, dropping to a record low of 0.8% in April 2005.<sup>2</sup>

To some analysts, a declining personal savings rate signals a stronger economy. It implies more spending, and consumer spending has the biggest impact on GDP. You can't have it all, however; more spending means less saving, and Americans are plagued by insufficient retirement reserves.

**Are credit cards the problem?** We borrow greatly, but there are other factors in play. You may have heard about America's "shrinking middle class." That is no exaggeration.

The most recent Census Bureau data shows the median U.S. household income for 2012 at \$51,017. By comparison, median U.S. household income in 1989 - when adjusted for inflation -

would work out to \$51,681 today. From 1989-2012, annualized consumer inflation was mostly in the 2-4% range. All this illustrates a slow but notable erosion of purchasing power.<sup>3,4</sup>

During the same time frame, the cost of college went up dramatically, health care costs increased, and real estate values fluctuated. People saved less and borrowed more, and not simply on impulse; they wound up borrowing more to maintain a middle-class standard of living.

**Real incomes aside, we are often lured into unnecessary spending.** Advertising can convince us that we have unmet needs and desires, and that we must respond to them by buying goods and services. Urges, emotions, ennui, living without a budget - these can all lead us to spend more than we really should, especially given how much money we will need to adequately retire.

Our parents and grandparents really knew how to pay themselves first - and while economic pressures make it harder for many of us to do so today, that doesn't make it any less of a priority.

It might be useful to think about future money when you think about making a discretionary purchase. Are those dollars you are spending at a mall or restaurant today better off saved or invested for tomorrow?

Think about your big dreams and goals, the ones you have looked forward to realizing for years. How many dollars are you putting toward them? Is your spending aligned with them, or in conflict with them? Could you spend less here and there and devote more money to those priorities?

Sometimes we have to borrow and spend more than we would like, but often we have a choice - and the choice we make may affect our ability to retire sooner or later.

Thomas Cymet CFP® CRPC® may be reached 571-299-2053/571-299-2053 or via email [tcymet@opulenfg.com](mailto:tcymet@opulenfg.com), [www.opulenfg.com](http://www.opulenfg.com)

#### Citations.

- 1 - [research.stlouisfed.org/fed2/series/PSAVERT/](http://research.stlouisfed.org/fed2/series/PSAVERT/) [3/3/14]
- 2 - [tradingeconomics.com/united-states/personal-savings](http://tradingeconomics.com/united-states/personal-savings) [3/6/14]
- 3 - [billmoyers.com/2013/09/20/by-the-numbers-the-incredibly-shrinking-american-middle-class/](http://billmoyers.com/2013/09/20/by-the-numbers-the-incredibly-shrinking-american-middle-class/) [9/20/13]
- 4 - [tradingeconomics.com/united-states/inflation-cpi](http://tradingeconomics.com/united-states/inflation-cpi) [3/7/14]

This material was prepared by MarketingLibrary, Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. 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. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment. 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. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. 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. 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 - [blogs.wsj.com/five-things/2014/03/07/5-takeaways-from-the-february-employment-report/](http://blogs.wsj.com/five-things/2014/03/07/5-takeaways-from-the-february-employment-report/) [3/7/14]
- 2 - [marketwatch.com/economy-politics/calendars/economic](http://marketwatch.com/economy-politics/calendars/economic) [3/7/14]
- 3 - [fxstreet.com/news/forex-news/article.aspx?storyid=07021240-1a71-41ed-9cea-d7e8041b0495](http://fxstreet.com/news/forex-news/article.aspx?storyid=07021240-1a71-41ed-9cea-d7e8041b0495) [3/7/14]
- 4 - [usatoday.com/money/markets/overview/](http://usatoday.com/money/markets/overview/) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F7%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F7%2F13&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F7%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F7%2F13&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F7%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F7%2F13&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F6%2F09&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F6%2F09&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F6%2F09&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F6%2F09&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F6%2F09&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F6%2F09&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F8%2F04&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=DJIA&closeDate=3%2F8%2F04&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F8%2F04&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=COMP&closeDate=3%2F8%2F04&x=0&y=0) [3/7/14]
- 5 - [bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F8%2F04&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.aspx?symb=SPX&closeDate=3%2F8%2F04&x=0&y=0) [3/7/14]
- 6 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield) [3/7/14]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [3/7/14]

Week of September 30th, 2013

[Forward email](#)



This email was sent to [tcymer@opulenfg.com](mailto:tcymer@opulenfg.com) by [tcymer@opulenfg.com](mailto:tcymer@opulenfg.com) | [Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Opulen Financial Group, LLC | 1818 Library St. Suite 500 | Reston | VA | 20190

