



WEEKLY MARKET COMMENTARY

For the Week of August 7th, 2017

The Markets

The Dow Jones broke 22,000 for the first time on Wednesday and closed at a record for the eighth time on Friday. July's better-than-expected jobs report helped all three major indexes close higher. For the week, the Dow rose 1.22 percent to close at 22,092.81. The S&P gained 0.23 percent to finish at 2,476.83, and the NASDAQ dropped 0.36 percent to end the week at 6,351.56.

No Big Pullback — The S&P 500 has gone 324 calendar days without a 2 percent or greater one-day drop, the longest stretch without a tumble of 2 percent or more since Feb. 27, 2007, or nearly 10.5 years ago (source: BTN Research).

Credit Downgrade — Saturday, Aug. 5, was the six-year anniversary of the United States being downgraded by S&P from a top credit rating. Since the downgrade, the yield on the U.S. 10-year Treasury note has fallen from 2.57 percent to 2.29 percent, and the S&P 500 has gained 134 percent (total return), equal to 15.3 percent per year (source: BTN Research).

WEEKLY FOCUS – Sequence of Returns (SOR) Risk

Aside from the advantages of waiting until you're 70, or at least 66, to draw Social Security, when you retire can have a big effect on how long your savings last. How the stock market performs in the years directly preceding and shortly after retirement can have a disproportionate impact on how quickly or slowly your money is consumed.

If the value of a new retiree's investments have increased around the time of retirement, necessary withdrawals to cover their fixed costs will amount to a smaller percentage of their retirement assets, leaving more in their accounts to grow in coming years. The reverse also applies. If the new retiree's investments have recently decreased in value, they will need to withdraw a greater percentage of assets for living expenses, and they'll have fewer assets left to grow.

Imagine how much more a 30 percent drop would hurt a 65-year-old with a \$2 million portfolio than it would hit a 45-year-old with \$400,000 in investments. The 65-year-old loses more immediately while they are withdrawing living expenses from their portfolio at the same time, plus they have less time to recover their losses.

Consequently, two different individuals with the same portfolios who retire at the same age and spend the same amount but retire at different times could have dramatically different situations 20 years into retirement – even if the long-term market averages are similar.

Whether you're already retired, you're approaching retirement or it's a long way off, we can help you create an asset allocation strategy designed to safeguard your future.

* 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. 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 Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright August 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# [1865444.1](#)

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