

Weekly Commentary

June 27, 2011

The Markets

There was good news and there was bad news but, by the end of the week, a wave of pessimism had swept gains away, causing markets to finish lower.

In the good news department, Greece adopted an austerity program that made it eligible to receive financial support from the European Union and International Monetary Fund, according to *The New York Times*. Relief that a Greek default had been avoided was soon offset by concern about the health of Italian banks. On Friday, extreme share price volatility caused trading in shares of specific banks to be suspended, according to *The Wall Street Journal*. Although the reason for the volatility was unclear, it raised new concerns about Europe's financial condition.

In the United States, the Commerce Department reported that durable goods orders were more robust than expected, according to *Reuters*. The Commerce Department also raised its estimate of gross domestic product (GDP) growth during first quarter from 1.8% to 1.9%. This was positive news; however, it did little to soothe worries that the U.S. economy might be slowing. GDP growth during the previous quarter was 3.1%.

Even Federal Reserve officials appeared to be riding the wave of pessimism. On Wednesday, at the conclusion of a two-day policy meeting, the Fed announced that recovery was continuing at a moderate pace; however, economic growth was slower than expected, according to *CNNMoney*. The U.S. central bank reduced its forecasts for GDP growth during the current year and for 2012.

This week, the Federal Reserve's second round of quantitative easing (QE2) ends. According to a recent survey by *Reuters*, investors expect the end of the stimulus program to affect stocks, bonds, gold, and currencies. This may create uncertainty and choppiness in markets over the near term.

Data as of 6/24/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.2%	0.9%	18.1%	-1.2%	0.3%	0.4%
DJ Global ex US (Foreign Stocks)	-0.3	-2.1	17.7	-3.6	1.6	5.1
10-year Treasury Note (Yield Only)	2.9	N/A	3.1	4.1	5.2	5.1
Gold (per ounce)	-1.5	7.4	22.5	19.4	21.0	18.7
DJ-UBS Commodity Index	-2.2	-4.2	22.3	-12.1	-1.5	4.3
DJ Equity All REIT TR Index	-0.4	6.9	25.7	3.3	2.7	10.6

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 or not available.

TRAVELING TO CHINA OR EUROPE SOON? Make sure your credit card has cutting-edge security or you may find yourself short of funds. That's because high levels of credit card fraud have caused financial institutions in other countries to improve card security.

Credit card fraud is on the rise around the world, according to a 2010 survey by ACI Worldwide that was reported in *InformationWeek*. The survey canvassed 4,200 people in North America, Europe, Asia, Brazil, and the Middle East. When the results were tallied, the survey showed that almost one-third of credit and debit card users around the world had experienced credit fraud during the past five years. The percentage varies significantly by region. In China, 43% of consumers have experienced card fraud; in the United States, 33%; and in the Netherlands, just 11%.

According to *ConsumerReports*, the percentage of Americans experiencing card fraud is expected to grow because the credit and debit cards we use rely on old technology -- storing unencrypted data on a magnetic stripe on the back of the card. This makes the cards more vulnerable to being skimmed and counterfeited. *ConsumerReports* also stated that only the United States and a few African countries continue to rely on this technology.

One of the new standards for security, in many countries, is the smart card, which combines an embedded microprocessor with a PIN to make point-of-sale transactions more secure, according to *The New York Times*. Cards that have radio frequency chips, which allow “contactless transactions,” also provide improved security, according to the article. All the user has to do is wave the card at a payment terminal to make a purchase.

If you are planning to travel abroad, it is a good idea to contact your financial institution and request a smart card. Your magnetic stripe cards may not be accepted by some retailers, and simply won't work at automated ticket kiosks like those found in train stations, on gas pumps, and at parking garages, according to *ABCNews*.

Weekly Focus – Think About It

“The charity that is a trifle to us can be precious to others.” --*Homer*

Best regards,

Todd and Gillette

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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* This newsletter was prepared by Peak Advisor Alliance.

* 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.

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