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AND THAT'S THE WEEK THAT WAS... For the Week Ended September 19, 2014

Market Matters...

Market/Index	Year Close (2013)	Qtr Close (06/30/14)	Previous Week (09/12/14)	Current Week (09/19/14)	YTD Change	Week Change
Dow Jones Industrial	16,576.66	16,826.60	16,987.51	17,279.74	4.24%	1.72%
NASDAQ	4,176.59	4,408.18	4,567.60	4,579.79	9.65%	0.27%
S&P 500	1,848.36	1,960.23	1,985.54	2,010.40	8.77%	1.25%
Russell 2000	1,163.64	1,192.96	1,160.61	1,146.90	-1.44%	-1.18%
Global Dow	2,483.62	2607.35	2,592.71	2,604.08	4.85%	0.44%
Fed Funds	0.25%	0.25%	0.25%	0.25%	0 bps	0 bps
10 yr Treasury (Yield)	3.04%	2.52%	2.61%	2.58%	-46 bps	-3 bps

Janet Yellen doesn't take a backseat to anybody or anything. Not to **Oracle's** Larry Ellison and his retirement party. Not to the Scottish voting public and its near separation plans. Not to **Alibaba** and the largest domestic IPO in history. Fed Chair Yellen got together with her policymaker cohorts to discuss the global economic situation. They choose to officially end the bond buying program next month and reiterated that short rates will remain near zero "for a considerable time." Lower down in the headlines, voters in Scotland decided that life in the United Kingdom isn't so bad after all and they decided to keep their standing within Great Britain. In return, British Prime Minister said his gov will grant Scotland (and England, Wales, and Northern Ireland) greater control over tax and spending matters. Sounds like "Win Win" all the way around.

Alibaba came to market late in the week in a deal that was priced at the upper end of its expected range. The immediate \$168 billion market cap already placed it among the 40 largest global companies and ahead of fellow e-commerce giant **Amazon.com**. Heavy trading pushed the price well into the \$90s shortly thereafter. (Looks like those early investors left a bit on the table...sorry **Yahoo**). In other transaction news, **Microsoft** is buying **Mojang** and its popular Minecraft game (or whatever it is) for \$2.5 billion; **Cognizant** is acquiring information technology company **TriZetto** for its ties to health care for \$2.7 billion; and **Anheuser Busch** is looking into financial options for a potential massive \$122 billion deal to buy **SABMiller**. Corporate buybacks are as popular as ever as companies have bought back \$338 billion of shares over the first six months of the year, the strongest pace since the advent of the financial crisis in 2008. While such companies generally outperform the broader market, some skeptical analysts feel that the moves artificially inflate certain growth measures as fewer shares means higher earnings-per-share (EPS), even though earnings have not changed at all.

Larry Ellison is stepping down as the only CEO Oracle has ever known when he moves into the Chairman's office of the company he founded in 1977 as a college dropout. (Imagine how well he would have done in business had he graduated.) **FedEx's** restructuring plans look to be well ahead of schedule as the company posted a profit increase of 24% in its first quarter. Oh yeah, **Apple's** iPhone 6 went on sale in stores as consumers waited in endless lines to be first with their new "toys," while its latest operating system brought both excitement and confusion to many (who needs all their apps anyway?).

Stocks resumed their record-setting ways as investors welcomed news regarding Alibaba and the Scottish vote and also took comfort in the interpretation that the Fed will not rush into any rate hikes. (How long can that debate linger on?) Though the Organization of Petroleum Exporting Countries (OPEC) announced plans to cut production next year (some members have been known to cheat), oil prices dropped further on rising inventories and a stronger dollar. All in all, the week brought plenty of excitement in the aftermath of the summer doldrums.

Economic Calendar

Date	Release	Comments
September 15	Industrial Production (08/14)	1 st decline since January
September 16	PPI (08/14)	Unchanged in August
September 17	CPI (08/14)	1 st monthly decline since April 2013
	Fed Policy Meeting Statement	Bond-buying to end in October
September 18	Jobless Claims (09/13/14)	2 nd best showing in 14 years
	Housing Starts (08/14)	Pullback in August after post-recession high in July
September 19	Leading Indicators (08/14)	7 th straight increase
The Week Ahead		
September 22	Existing Home Sales (08/14)	
September 24	New Home Sales (08/14)	
September 25	Jobless Claims (09/20/14)	
	Durable Goods Orders (08/14)	
September 26	GDP (2 nd qtr – revised)	

Janet Yellen spoke of policy again this week as the Fed concluded its open market committee meeting and investors still seem to be enjoying their long-standing honeymoon with her. (Somewhere Ben Bernanke must be jealous.) Though the policymakers' statement confirmed moderate growth and improving labor conditions, it also lowered domestic growth forecasts through 2016 and claimed that rates should remain this low "for a considerable time" after the bond buying program ends next month. The Fed also seems to have an additional reason to keep rates at near-zero as inflation is still running below its 2% targeted level. In fact, CPI actually fell 0.2% in August, its first decline since April 2013, and PPI was unchanged from its July level.

In other economic news, industrial production fell for the first time since January, though sluggish automobile output was a primary culprit; such car production often can be volatile at the end of the summer and activity previously had been solid. Housing got another shot in the arm as home-builder optimism surged to its best showing since 2005. Though housing starts dropped a tad in August, residential construction had hit a post-recession high in July and the past three months of activity stood almost 15% higher than the level from last year this time. The latest weekly claims for unemployment benefits fell to their second lowest level in 14 years, another sign that labor continues to improve, despite the hesitancy of the Fed to acknowledge as much in a more forceful manner. Leading economic indicators, a predictor of future activity, rose for the seventh consecutive month, though the pace of growth slowed considerably from July.

Shifting abroad, industrial production and retail sales in China rose at slower-than-anticipated paces last month, rekindling fears that the superpower may need additional stimulus if it plans to meet its targeted 7.5% growth. (Then again, most folks in China were most focused on the Alibaba IPO.) Similarly, in Europe, the headlines centered more about the vote in Scotland than any economic release or even European Central Bank moves. The "no" vote seemed to be applauded on economic merits as separation would have brought much uncertainty to the entire UK region. In fact, some believe that the idea of giving Scotland (and the other UK countries) more say in tax and spend matters could prove favorable to the joint economy as each nation will be expected to act with greater fiscal responsibility.

On the Horizon...The Fed meeting, the Alibaba IPO, the vote in Scotland...all uncertainties that have been cleared up (somewhat) this past week. Next week brings more news from housing and a revised GDP reading. For now, investors seemed to have returned to their bullish ways (though the negativity of Septembers past still lurk in the background).