

**UNFCU** | Financial Advisors™

A United Nations Federal Credit Union owned company.

October 2011

# Financial Markets Overview

## 3<sup>rd</sup> Quarter 2011



## Troublesome Summer

There was a lot of unrest in Greece as the Austerity measures of the its government have started to impact the citizens. Numerous strikes of public employees and transportations workers brought the country to a standstill on a number of occasions.

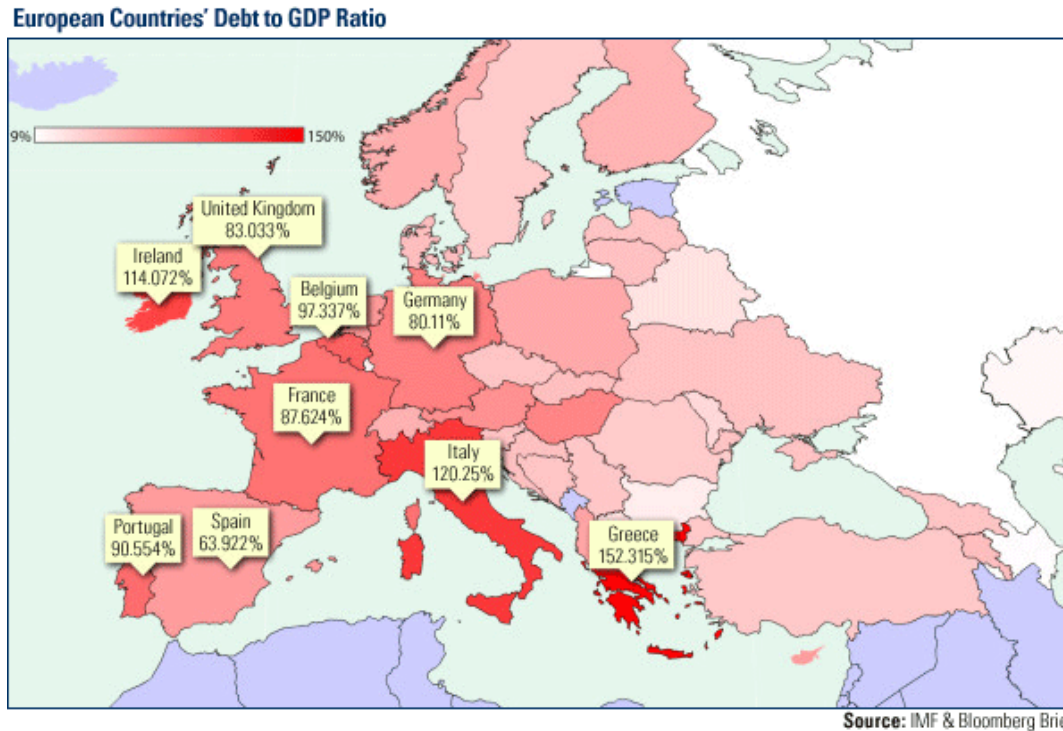
In the meantime Italy has been downgraded over its fiscal situation as well as the outlook for its ability to produce growth.

The economy in the U.S. has been slowing down further and the contentious budget process continues.



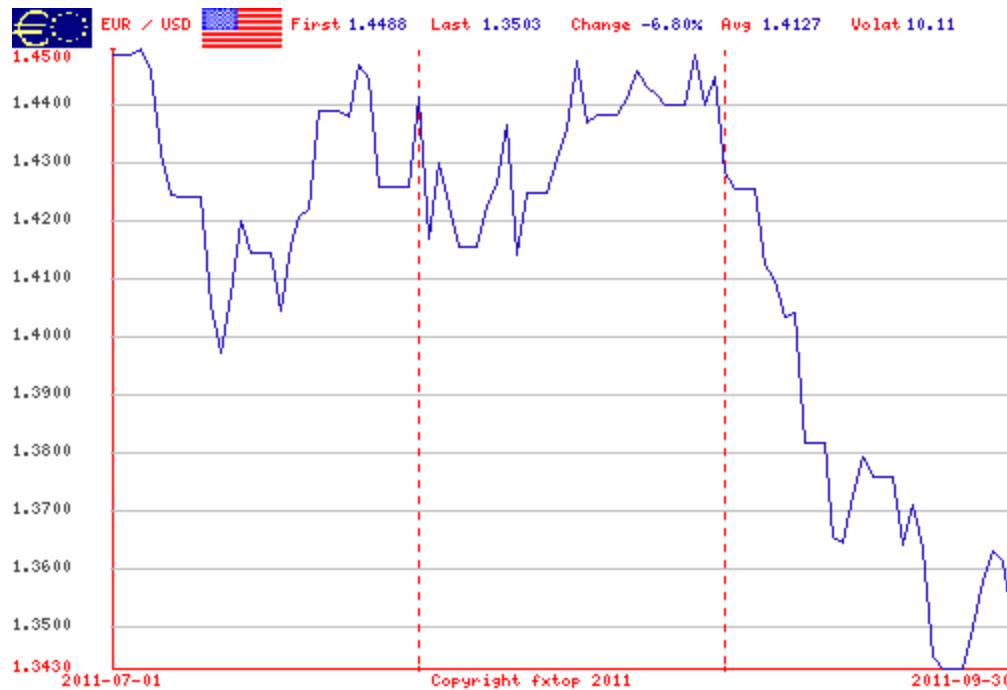
## Public Debt Ratios

The European Union continues to struggle to contain the debt crisis and in addition to Italy, Ireland, Portugal and Greece Belgium is now being questioned as well.



## The Euro

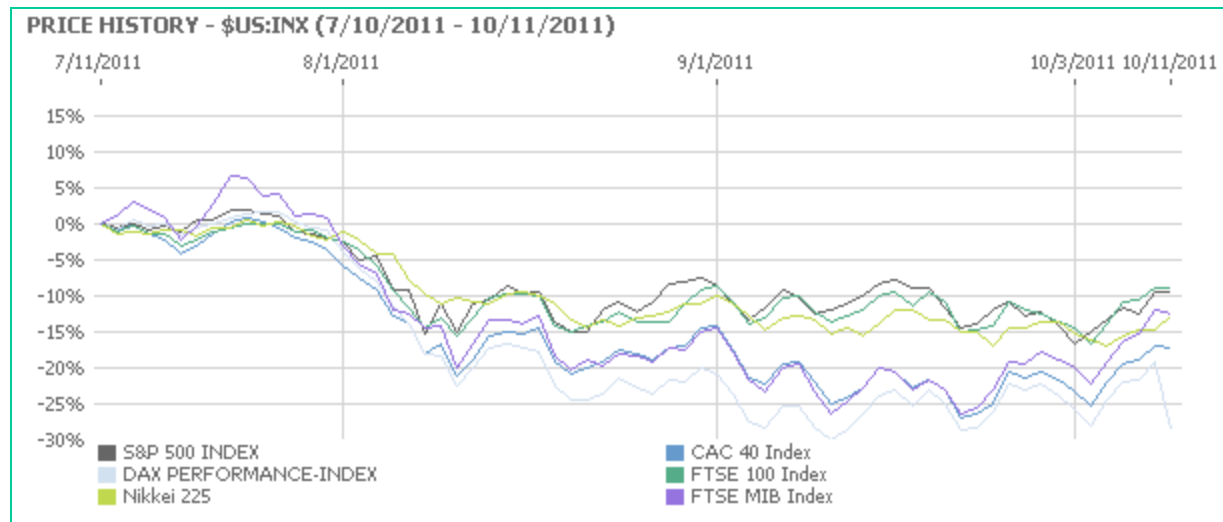
The Euro has struggled as a consequence dropping significantly against the U.S. Dollar as well as Swiss Franc and other currencies.



## Stock Market Performance

The equities markets were dominated by the events in Europe and there has been an erosion in confidence that the political leaders are able to resolve the crisis.

The negative trend is a reflection about the uncertainties going forward.

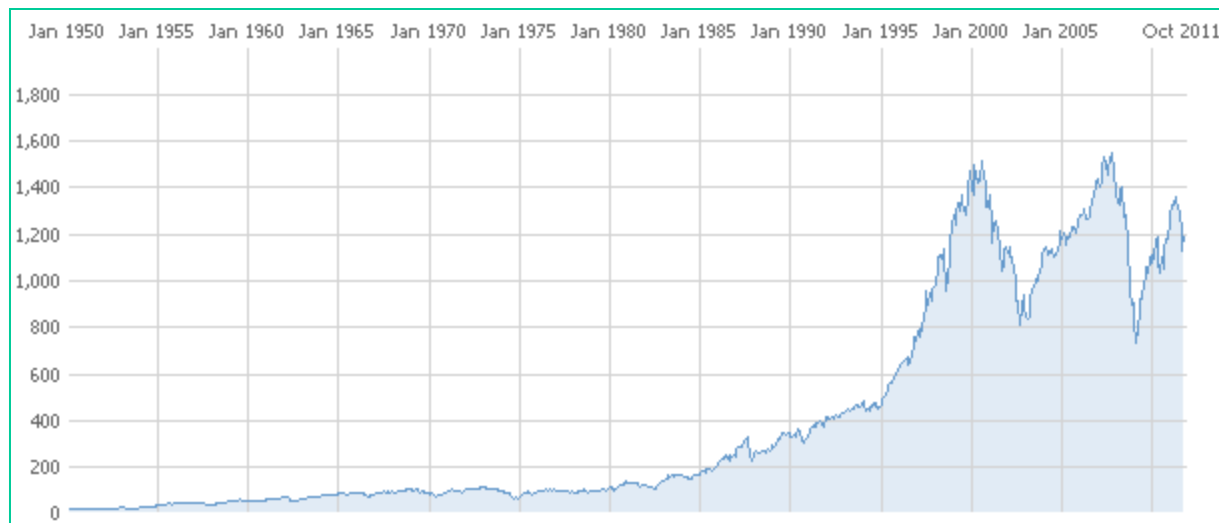


## Stock Market Performance

Below is a long term chart of the S&P 500 Index from 1950 to present.

The overall trend is pointing upward. The peaks and valleys since 2000 are a reflection of the greater volatility.

Please note that the Crash of 1987 is barely visible on the chart.

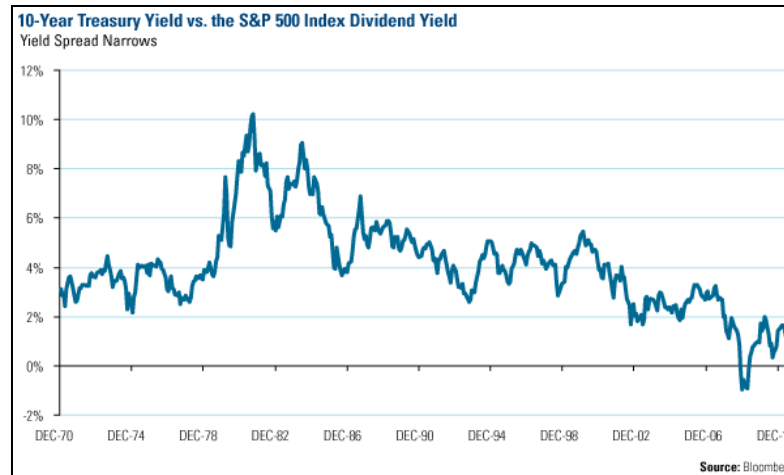


## Bond Yields vs. Dividends

Bond yields are at historically low levels.

10-year Treasuries are at 2.22% p.a. and 30-year Treasuries are yielding 3.19% p.a.

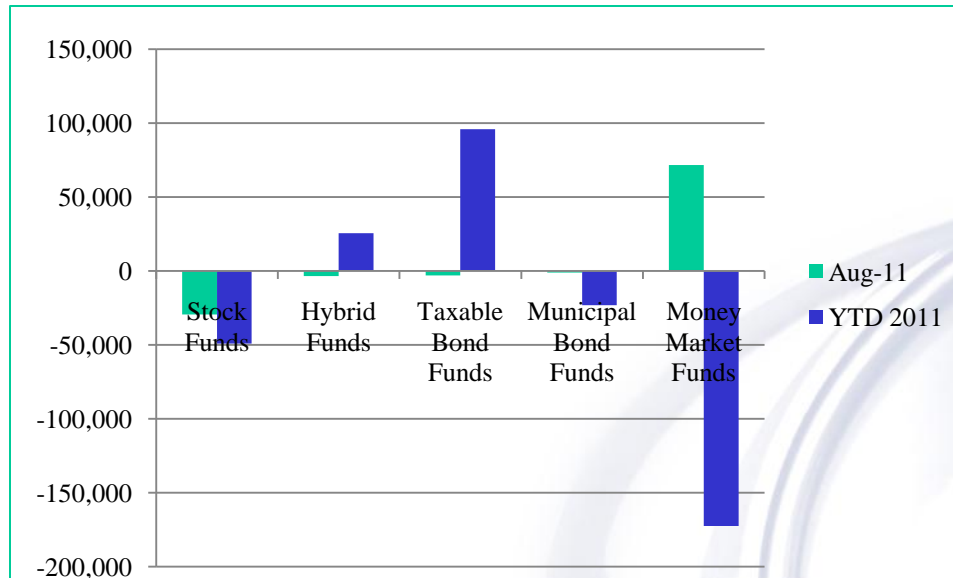
The S&P 500 Index Dividend Yield is at comparable levels to the 10-year Treasury Bond.



## Mutual Fund Flows

The latest available number from August reflect that investors have been looking to avoid the big volatility of the equities markets by shifting back into Money Market Funds.

The outflow from Municipal Bond Funds shows lingering doubts about the fiscal position of the public issuers.

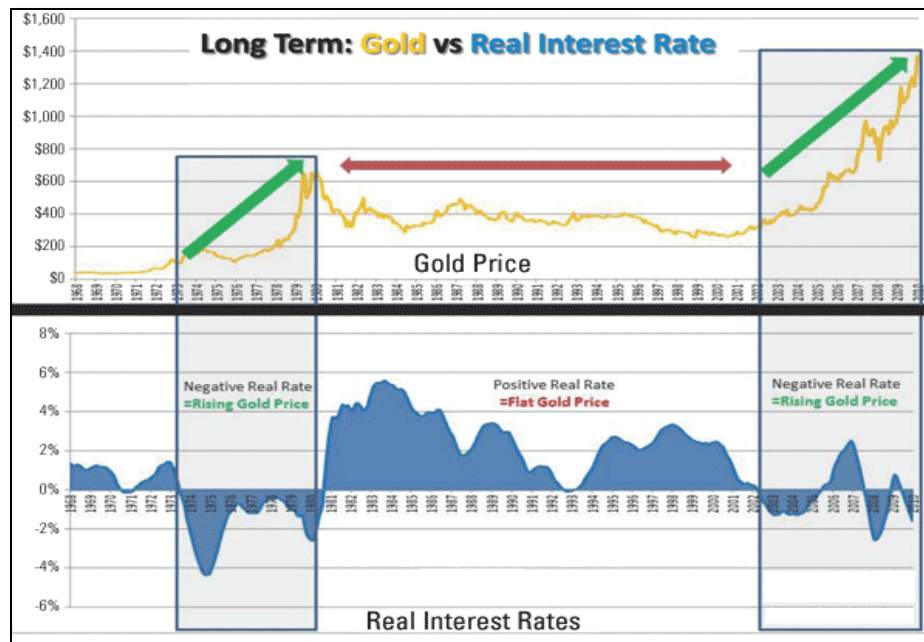




## Precious Metals

Gold is seen as a hedge against inflation or protection during uncertain times.

Real interest rates are another factor influencing the price of Gold.



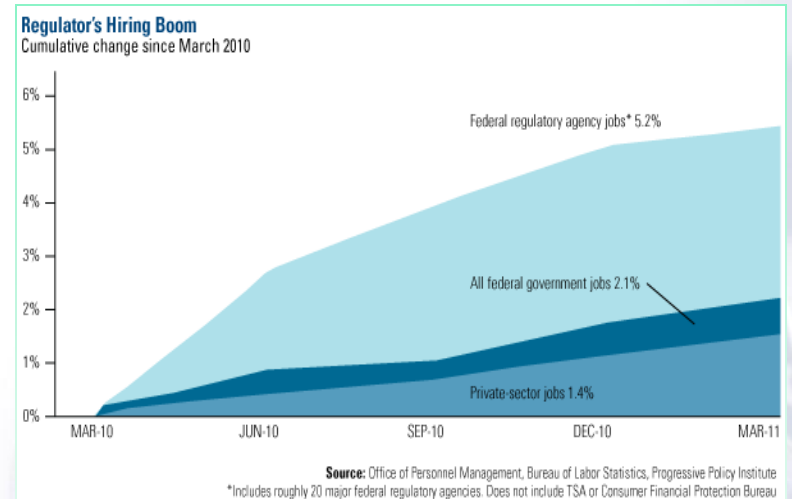
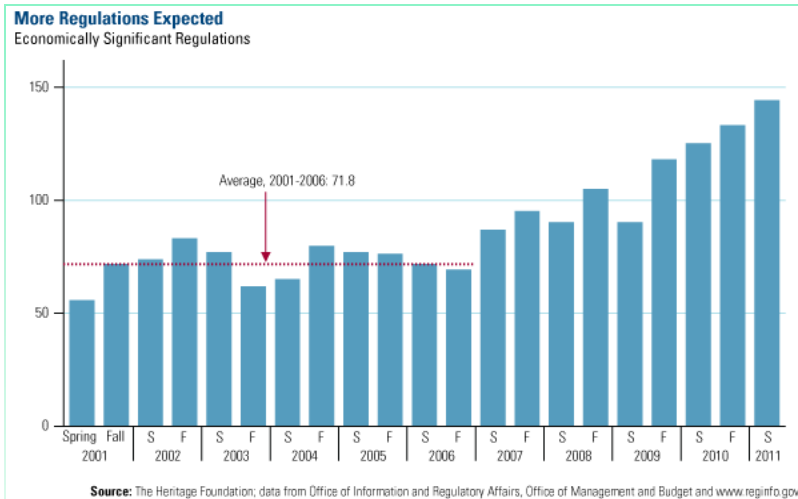
# The Gold Price



## Confidence in the Economy

One element of overcoming a recession is confidence in the fundamentals of the respective economy and a positive outlook.

In the U.S. there is a lot of concern about increasing regulatory burdens. The charts below show that the number of major regulations have been rising substantially in the last few years adding costs to do business.



## Apple – iPhone 4S

The product that seems to sell itself.

Pre-orders have topped 1 million during the first day crushing the previous record of 600,000 for the iPhone 4.



## Conclusions

### Some Short/Medium-Term Trends:

- Ongoing volatility in the financial markets
  - Big discrepancy between optimistic and pessimistic investors
  - Fiscal situation in the developed countries remains an ongoing concern
  - Emerging countries could be negatively affected by a continued slowdown in their traditional trading partners.
- 
- ❖ Bond investments
  - ❖ Treasury Inflation Protected Securities (TIPS)
  - ❖ ETFs
  - ❖ Value (dividend) stocks

## **Contact Information:**

Markus Bruderer

Vice President

UNFCU Financial Advisors

24-01 44<sup>th</sup> Road

Long Island City, NY 11101-4605

Tel.: 212 324 3902

E-Mail: [mbruderer@unfcuadvisors.com](mailto:mbruderer@unfcuadvisors.com)

Web: [www.unfcuadvisors.com](http://www.unfcuadvisors.com)

## Important Disclosures

UNFCU Financial Advisors (“UNFCU”) is an SEC registered investment adviser with its principal place of business in the State of New York. UNFCU is in compliance with the current registration requirements imposed upon registered investment advisers by those states in which UNFCU maintains clients. UNFCU may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. This letter is limited to the dissemination of general investment-related information. This presentation is not intended as personalized investment advice and no person should rely strictly on the information provided as a basis for any investment decisions. Any subsequent, direct communication by UNFCU with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of UNFCU, please contact UNFCU or refer to the Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). For additional information about UNFCU, including fees and services, send for our disclosure statement as set forth on Form ADV from us using the contact information herein. Please read the disclosure statement carefully before you invest or send money.

UNFCU Financial Services LLC is a licensed insurance producer under the New York State Insurance Department. Investment advisory services are provided by UNFCU Financial Services LLC under d.b.a. UNFCU Financial Advisors. Robert Isacsen, Nancy Wilks, Marsha Alexis, Boris Fernandez and Hector Dishnica provide insurance services only through UNFCU Financial Services LLC and are neither affiliated with nor provide any investment advisory services through UNFCU Financial Advisors.