

Monthly Market Recap

CBIZ WEALTH MANAGEMENT

November began with investors uncertain whether stock prices could be pushed higher after October failed to continue the seven month rally that began in March. However, predictions of a decline in global stock indices failed to materialize.

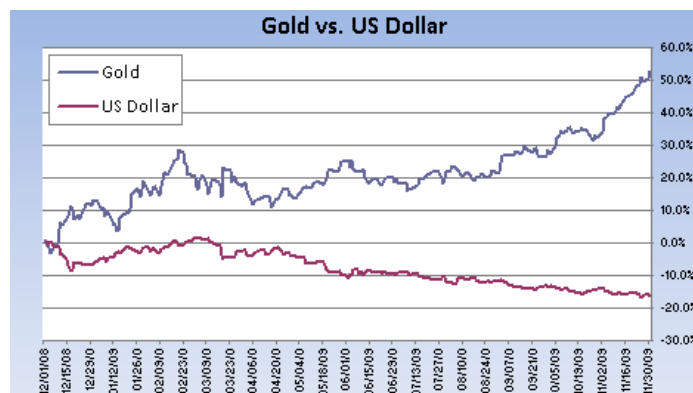
Instead, the stock market had the single best month in eight years. The November rise in security prices was broad based. The top five stocks of the Dow Jones Industrial Average were from five different industries: American Express +20.06%, Merck & Co. +17.07%, General Electric +12.34%, Walt Disney +10.41%, and Wal-Mart +9.80%. As a result, the Dow was the best performing index in November, with a total return of 6.92%. Both the S&P 500 Index (+6.0%) and the NASDAQ Composite (+5.05%) managed to have very good returns for the month as well. International stocks did not keep pace with domestic stocks; the MSCI EAFE Index provided only a 2.06% total return for November. The exceptional November performance was generated by favorable third-quarter earnings reports, higher demand for gold, optimism that an economic recovery is underway, and a decline in the U.S. dollar versus major foreign currencies. As the value of the dollar declines, U.S.-based manufacturers and retailers become more competitive internationally and revenue generated beyond the U.S. gets repatriated in greater number of dollars.

The soaring price of gold has also captured the attention of speculative investors worldwide. Since the announcement on November 3 that from October 19 to October 30 the Reserve Bank of India bought 200 metric tons of gold from the International Monetary Fund, the price of gold has risen \$95.20 per ounce. For the entire month of November the price of gold increased 13.52% (345.24% annualized). Although gold investment is captivating to many individuals, actually participating in the gold market is challenging. Purchasing gold involves high transaction costs, potentially high storage costs, and it cannot produce dividends or interest. Before the more adventurous don picks and shovels, it should be pointed out that unlike carbon-based commodities, gold does not get consumed as it is used. Nearly all the gold pulled from the ground remains available in the form of jewelry, coins or bullions. This is why it is difficult for gold to maintain steady prices over time. Although gold fever and massive speculation can continue to drive gold prices up for some time, gold bubbles can end suddenly and dramatically. After gold prices peaked in 1981, they subsequently declined 43% in the following three months.

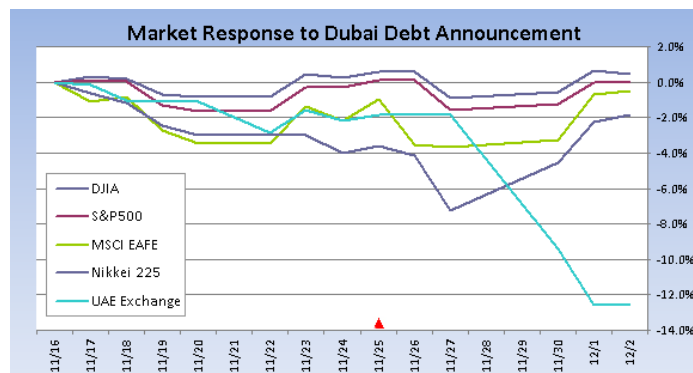
Late November saw the brief interruption of higher moving stock prices with the Thanksgiving Day announcement that Dubai World was requesting creditors to push back principal repayments on nearly \$60 billion in global debt. The initial reaction by investors was to sell stocks as the fear of a cascading credit crisis began to take

hold. But after reassurance by the United Arab Emirates Central Bank, global financial markets quickly recovered, exemplified by the S&P500 opening 1.05% higher on the first day in December.

Overall asset values continue to be driven by corporate earnings, employment, and consumer spending. However, for the rest of the year there will be virtually no earnings news and unemployment rates will likely change very little. That leaves consumer spending to determine December stock values. Specifically, investors will focus on holiday spending patterns. With a 14% increase over 2008 for internet retailers' "Black Monday" on November 30, stock investors remain hopeful of a Santa Claus rally.



Source: Bloomberg



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Indices are unmanaged and cannot be invested in directly.

1 All returns are Total Return; including reinvested dividends and were sourced from Bloomberg



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