

EPIC CAPITAL WEALTH MANAGEMENT



WEEKLY MARKET COMMENTARY

November 11, 2013

The Markets

After last week's surprisingly strong employment report, it's almost possible to picture Ben Bernanke slapping trail dust from his leg, ducking his head, and saying, "Just doin' my job."

After all, running the economy is as laden with complications and unexpected events as a cattle drive. Richard Graboyes, an economist who was once the Director of Education for the Federal Reserve Bank of Richmond, wrote that driving cattle seems "arduous, but simple – walk some cattle from point A to point B. But, the endeavor is fraught with natural and human risks for both rancher and driver."

Clearly, the head of the Fed and the head of a cattle drive face different challenges. According to *The Federal Reserve System: Purposes and Functions* publication:

"The Federal Reserve sets the nation's monetary policy to promote the objectives of maximum employment, stable prices, and moderate long-term interest rates. The challenge for policymakers is that tensions among the goals can arise in the short run and that information about the economy becomes available only with a lag and may be imperfect."

Last week, the employment numbers seemed to support the idea the economy is gaining steam. According to Forbes, employers added more than 200,000 jobs in October, which was far more than economists had anticipated. The government continued to employ fewer people (employees furloughed during the government shutdown were still counted as being employed). There were 12,000 fewer government jobs in October, and 94,000 fewer for the year. The biggest employment gains were in the hospitality, retail, technical services, manufacturing, and health care sectors.

It's not time to whoop and holler, though. *The New York Times* reported the labor force participation rate fell to 62.8 percent, which is a 35-year low. More than 700,000 jobs disappeared during October which was the largest monthly drop since the end of 2009. A smaller labor force can make overall unemployment rate appear to be lower than it is. Let's hope the labor force isn't like a herd of cattle that moves too fast and arrives at market a lot skinnier and worth a lot less.

Epic Capital Wealth Management | Where Experienced Advice Meets Actionable Ideas

Securities and Advisory Services Offered Through LPL Financial. Member FINRA/SIPC

EPIC CAPITAL WEALTH MANAGEMENT

Data as of 11/8/13	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500	0.5%	24.2%	28.5%	13.1%	14.0%	5.4%
10-year Treasury Note (Yield Only)	2.8	NA	1.6	2.6	3.8	4.5
Gold (per ounce)	-1.6	-24.1	-25.1	-2.5	11.3	12.9
DJ-UBS Commodity Index	-0.5	-11.4	-12.9	-7.1	-1.2	-0.3
DJ Equity All REIT TR Index	-3.9	3.6	8.1	9.4	18.4	9.3

Notes: S&P 500, 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.

IF YOU WERE ASKED TO COMPARE TEACHERS' SOCIAL STATUS TO THAT OF other professions, how would it compare? Are teachers like doctors? Librarians? Social workers? Nurses? Local government officials? Web designers? Lawyers? Policemen? Engineers? Accountants?

Education and training have a profound effect on economies and individuals. In the United States, people who have graduated from college tend to earn more than those who have graduated from high school. Earning an MBA, JD, or MD can translate into significantly higher earnings over a lifetime. Clearly, becoming educated has a significant economic value.

What value, then, do we place on those who provide education? How much respect do we have for the people who teach and train us? As it turns out, the answer varies widely from country to country. According to the Varkey GEMS Foundation's Global Teacher Status Index survey, which surveyed 21 countries to determine the status of teachers, people in China, Greece, and Turkey have the highest level of respect for teachers and their social standing.

So, how does the teaching profession compare to other professions? In the Czech Republic, Egypt, Switzerland, and many other countries, survey respondents said teachers have the status of social workers. In Brazil, France, Turkey, and the United States, people think teachers are roughly on par with librarians. The Japanese think teachers have the same status as local government managers. More than one-third of Chinese participants said teachers had the same status as doctors. According to the report:

"The U.S. ranked in the middle of the Teacher Status Index with a score of 68.0. Notably, the ranking of primary school teachers is at the higher end of the table and above all the European countries. U.S. respondents scored consistently across the different variables in the study, demonstrating moderate to positive respect for their teachers."

As you might expect, the more respect a country had for teachers, the more likely people in that country

EPIC CAPITAL WEALTH MANAGEMENT

were to encourage their children to enter the profession. Parents in China, South Korea, Turkey, and Egypt were most likely to encourage kids to become teachers.

Weekly Focus – Think About It

“Education is the key to success in life, and teachers make a lasting impact in the lives of their students.”

-- Solomon Ortiz, Former U.S. Representative from Texas

Financial Factoid – From 8/31/03 to 08/31/13, the cost of medical care in the USA increased by 43.1%, half as large as the 26.7% increase in the CPI (Consumer Price Index) over the same period (source: Department of Labor).

Epic Humor – A husband looking through the paper came upon a study that said women use more words than men. It read, "Men use about 15,000 words per day, but women use 30,000." Excited to prove to his wife that he had been right all along when he accused her of talking too much, he showed her the study results.

The wife thought for a while, then finally she said to her husband, "It's because we have to repeat everything we say."

The husband said “What?”

Have a great week!

Edward R. Doughty, CFP®

E-mail: edoughty@EpicCapitalWM.com

Website: www.EpicCapitalWM.com

WE’VE GONE SOCIAL!! Please be sure to “Like” us on **Facebook**, “Follow us” on **Twitter**, “Get Linked” with me on **LinkedIn**, and “Subscribe” to the EpicCapital channel on **YouTube**.

Simply click on these icons:    

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.

EPIC CAPITAL WEALTH MANAGEMENT

Securities offered through LPL Financial, Member FINRA/SIPC.

- * 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.
- * You cannot invest directly in an index.
- * Consult your financial professional before making any investment decision