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*"Be fearful when others are greedy and greedy when others are fearful"* (Warren Buffet)

**Our Website:** [www.auctusrbc.com](http://www.auctusrbc.com): Check the bulletin board: Read RBC's report on establishing a Credit Access Line with RBC, and the article from RBC on the difference between mutual funds and managed accounts.

**Do a "Wealth Plan Analysis"** (attached to your e-mail) to get a better understanding of your retirement and estate planning needs, your goals, your income, savings, insurance needs, annuities, long-term care etc.... We will do a complete review for you.

**Key Statistics** Year-to-date a/o 3/6/2020

Dow: (-9.37%)  
S&P 500: (-8.00%)  
Nasdaq: (-4.42%)

**Treasury Bond Yields:** Year- to-date a/o 3/6/2020

1-year Treasury:	0.39%	10-year Treasury:	0.74%
2-year Treasury:	0.49%	30-year Treasury:	1.25%
5-year Treasury:	0.58%		

--Yields fell dramatically last week – 10 year fell from 1.13% to 0.74% last week  
--Yield of the 10-year is the lowest on record

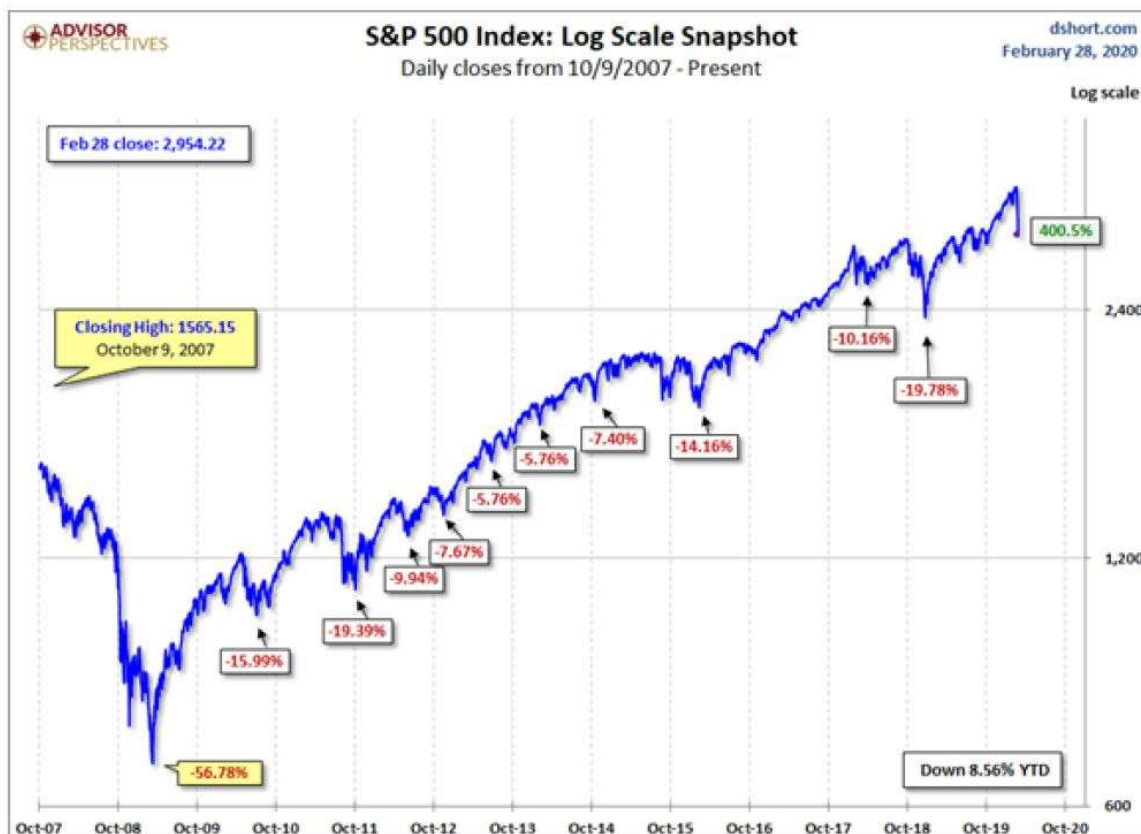
**Markets:** (Barron's, IBD, WSJ, RBC, MFS, Reuters, Advisor Perspectives)

- For the week: Dow rose +1.79%, S&P 500 rose +0.61% , Nasdaq rose +0.10%
- Despite all the volatility, the markets rose on the week – Will it last??
- Huge rallies were followed by huge drops – up 4.6% on Monday, down 2.8% on Tuesday, up 4.2% on Wednesday, down 3.4% on Thursday, down 1.7% on Friday

- Markets moved by Fed’s lowering of interest rates by ½%, Joe Biden’s strong Super Tuesday, coronavirus ongoing fears, and strong comments from a Fed governor about buying securities
- Economic reports were very positive:
  - Payroll reports showed 273,000 jobs created last month
  - Institute for Supply Mgmt. Services index hit its highest number in a year
  - Fed lowered interest rates by ½%
  - “There’s no use spending much time paying attention to the economic data this week ... it’s useless” (Hank Smith, co-chief investment officer, Haverford Trust)

## **REVIEW OF STOCK MARKET PULLBACKS/CORRECTIONS**

The current bull market began in March, 2009. Up through 2019 there have been 21 pullbacks of 5% or more. The following chart highlights primarily the major pullbacks from highs during the period from 2007 to the present, a/o 2/28/2020. Notice that there have been pullbacks of 10%, 14%, and 19% all during the current bull market. Despite these pullbacks, the S&P 500 is up 400% from the closing low of 2008. It should be mentioned too, that during this long bull market, the years 2015 and 2018 were down years while the year 2011 was flat for the year.



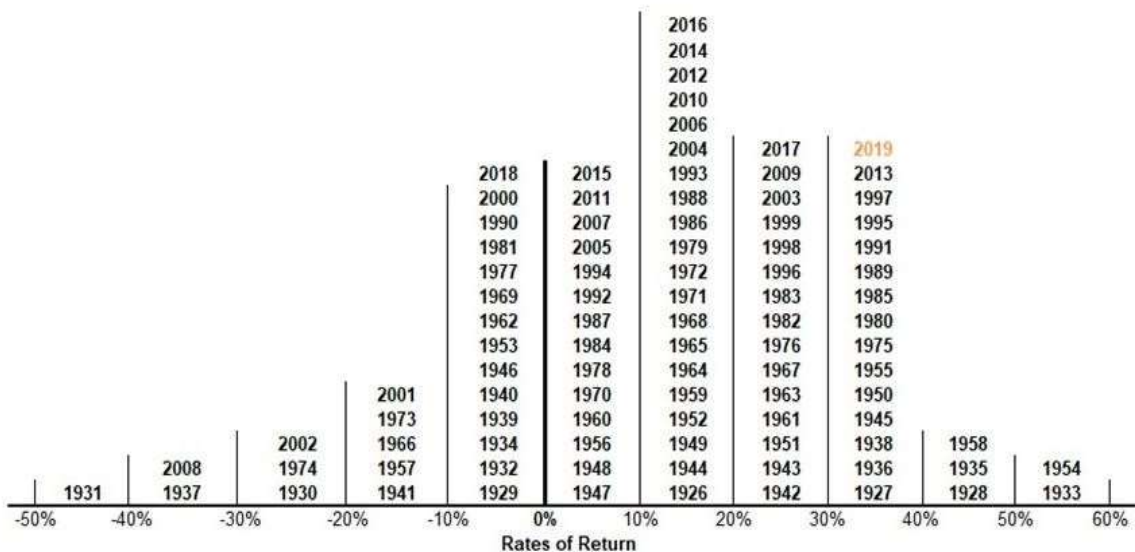
Past performance is no guarantee of future results.

One should never assume that markets continue to go up. There will always be a down year. This can always occur because of economic conditions, geopolitical concerns, corporate earnings, market valuations, market psychology etc.... This is why investors must take a long-term view and be diversified relative to their comfort level.

The following chart gives you the annual calendar returns of the market as measured by the S&P 500. The chart goes back to 1926, the year that is considered to be the beginning of the modern era. Yes, historically, approximately 3 out of every 4 years has been a positive year. But investors must be able to tolerate the one year in four when the market has been down.

## Historically it has paid to own stocks

Calendar year S&P 500® Index returns 1926-2019

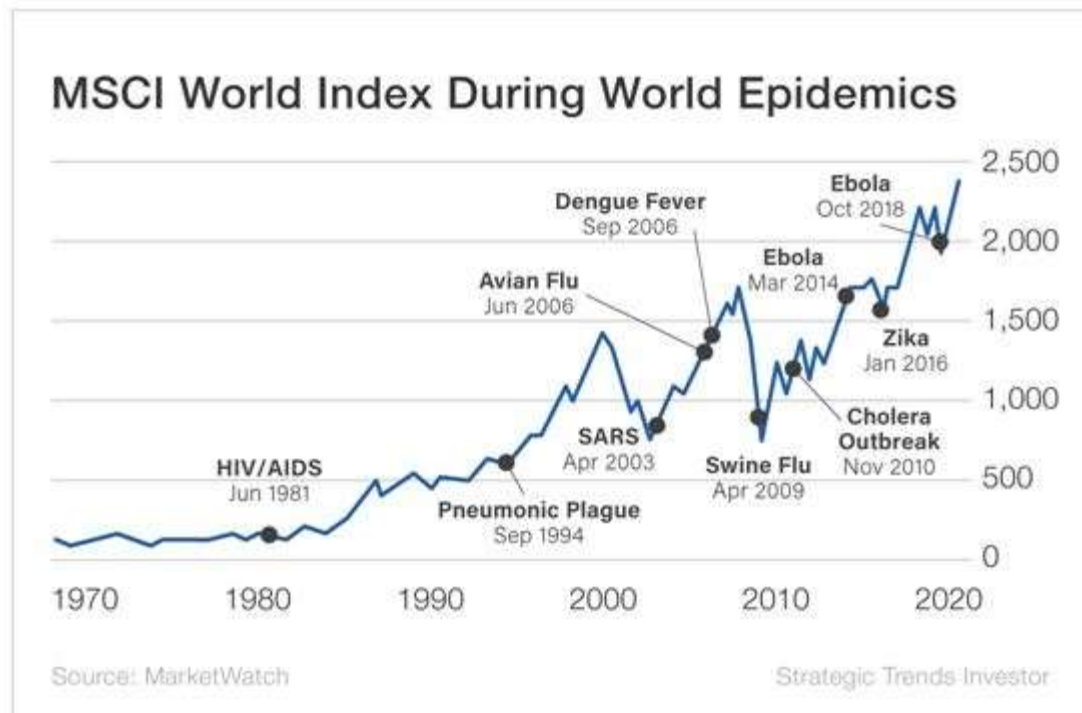


73% of the time, U.S. equity market has posted calendar year returns above zero

Represented by the S&P 500® Index from 1926-2019.

Past performance is no guarantee of future results.

Since the coronavirus is the topic of the day, not yet considered an epidemic, notice how the world market index has reacted during previous similar situations.



**Question of the Week:** Interest rates have been falling. The interest rate on a 30-year fixed rate mortgage recently fell to 3.45%. What is the all-time record low for a 30-year fixed rate mortgage?

**Question From 2 Weeks Ago:** Since 1985, how many years of the last 35 years have been positive for the stock market?

**Answer:** As measured by the S&P 500, 29 of the last 35 years have been positive. During each year, up or down, there have been market pullbacks.

### Did You Know

- While the price of *crude oil* fell to **\$44/barrel**, the price of *gold rose to \$1,676.60 a troy ounce* on 2/24/20, its **highest level** since February, 2013. (BTN Research, New York Mercantile Exchange)
- *Alan Greenspan* delivered his famous **“irrational exuberance”** speech on 12/5/96. While his comments were directed at what he considered to be **unrealistic stock values**, the **bull market** continued to run for close to **another 3 ½ years**. (BTN Research, Census Bureau)

**Sports Trivia** The 2000 New York Yankees baseball team was the *last major league team to repeat as World Series champs*. The *Washington Nationals* will attempt to duplicate this feat this year, 2020 (BTN Research, MLB)

**Referrals:** Many sincere thanks for your referrals of family, friends, and associates. I am deeply appreciative.

Sincerely,

***David J. Klein***

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The Dow Jones Industrial Average covers 30 blue chip U.S. companies selected by the editors of the Wall Street Journal. The Dow represents about 25% of the NYSE market capitalization and less than 2% of NYSE issues. The Nasdaq Composite is a market-value weighted index that measures all NASDAQ domestic and foreign common stocks. The Standard and Poor's 500 is an unmanaged, capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies representing major U.S. industry sectors. The index is calculated on a total return basis with dividends reinvested and is not available for direct investment.

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