



NHCO Week in Review December 22, 2014

NHCO Weekly Market Update

I am not a very patient person by nature, just ask my patient wife of 37 years. Here are some of our repeated family conversations:

Me: "We're going to be late, I'll go start the car."

Wife: "Be patient, we're not going to be late."

Or perhaps this conversation resonates with some of you:

Me: "When's everyone going to get here? The invitation said 6:30!"

Wife: "Be patient, it's no big deal; no one arrives on time."

The market is probably very glad that an impatient person like me isn't the Chairman of the Fed Reserve. This week the statement by Fed Chairman Janet Yellen that the Fed would be "patient" in their raising of interest rates created the single biggest one day rally in the stock market since 2011. On Wednesday the Dow rose 288 points, and the S&P 500 went up 40 points, all because of her use of the word "patient". The power of a single word uttered by the right person created hundreds of billions of dollars worth of value on Wednesday. This was followed by a Thursday market move of an additional 421 points on the Dow, and 48 points on the S&P 500. This prompted me to look at the dictionary definition of the word patient which is "to be able to accept or tolerate delays, problems, or suffering without becoming annoyed or anxious". Chairman Yellen's patient Fed was a nice gift for the market going into the holiday week.

So if Janet Yellen is the model of global patience it was pretty easy to look around the world and identify someone who is not so patient – the Russian President, Vladimir Putin. As we discussed here in The Weekly several weeks ago, the fall in oil prices is a problem for some countries, and this week the impact on Russia was manifest. What type of week did President Putin have? Let's start with his currency collapsing, add in a special round of his debt being sold off by anyone who could get a bid, and follow that with being forced to raise short-term rates to 17% to protect the ruble. Now dove tail that into global companies that sell products in Russia massively raising prices, and then the ultimate snub at the holiday shopping season, Apple refused to even sell its products to anyone seeking to pay in rubles. The Russian leader's internal answer to these problems was to blame the economic sanctions imposed by America and the west. Of course, Putin's difficulties could not have had anything to do with spending all Russia's oil revenue money on populist internal programs which helped him to be voted as the Russian "Man of the Year" for the 15th time, an award that President Putin received this past Tuesday.

Carl Gambrell

12/19/2014 % Wk Chg % Yr Chg

DJIA	17,804.80	3.03%	7.41%
S & P 500	2,070.65	3.41%	12.03%
Nasdaq	4,765.38	2.40%	14.10%
EAFE	1,782.04	0.85%	-6.97%
Emerging Mkts	944.60	0.66%	-5.79%
Hang Seng	23,116.63	-0.57%	-0.81%
NIKKEI	17,621.40	1.44%	8.16%
FTSE	6,545.27	3.88%	-3.02%
CRB Index	240.29	-1.42%	-14.23%
Dow Jones Utility	613.49	2.67%	25.06%
TIPS Index	112.35	-0.38%	2.23%
VIX Index	16.49	-21.77%	20.19%
OIL	61.38	-0.76%	-44.60%
Gold	1,195.74	-2.20%	-0.23%
Euro	1.22	-1.87%	-11.14%
Yen	119.50	0.63%	13.41%
Sterling	1.56	-0.57%	-5.49%
High Yield	7.17%	7.01%	20.50%
Investment Grade	3.73%	4.48%	-3.62%
2 Year Gov't	0.64%	18.52%	68.42%
5 Year Gov't	1.65%	9.27%	-5.17%
10 Year Gov't	2.16%	3.85%	-28.71%
30 year Gov't	2.75%	0.36%	-30.73%
2 Year Muni	0.57%	29.55%	72.73%
5 Year Muni	1.31%	1.55%	13.91%
10 Year Muni	2.11%	0.48%	-23.83%
30 Year Muni	2.91%	-1.36%	-31.21%
3m LIBOR	0.24%	4.35%	-4.00%
Fed Funds	0.13%	18.18%	225.00%
Prime	3.25%	0.00%	0.00%
Money Market	0.39%	0.00%	-2.50%
12m CD	0.70%	0.00%	4.48%
30 Year Mortgage	4.12%	0.98%	-9.25%
15 Year Mortgage	3.14%	5.72%	-11.55%