

With the return of hot summer winds and alarming rises in our thermometer stats, our US and global GDP has also experienced a rise in stats this past 2nd quarter. Although the charts climbed up rather slowly compared to Q1, the overall US GDP growth of 1.70% in Q2 has helped maintain the general positive outlook on the 2013 market as spring season came to a close.

S&P 500 increased by 2.36% and NASDAQ by 4.15% – more percentages that reinforce hopes that the economy may finally be on a rising streak. With the Dow Jones coming up with a 2.27% gain, Q3 is well on its way to solidifying the rise seen in YTD* returns: +15.20% for the DJIA, +12.63% for the S&P, and +12.71% for the NASDAQ. It seems that we indeed managed to avoid the US fiscal cliff that had been looming over the economy this past January. This means the threat of an impending recession has been put to rest—at least for the time being—and long-term stock values are hiking up to meet the rising expectations of investors. Bolstering such hopes was the relatively stable inflation cycle rate of 1.4%, which lent a steady hand to sensitive assets and ensured that equity values stay within a stable range.

The real estate market also met an energetic quarter; the 2.10% hike in housing values translates to a growth rate almost 13% higher than this same time last year. Median sales prices have been on a growth spurt since the market's all-time low back in 2005, boosting up by 38.70%. With demands high and supplies on the rise, real estate businesses look forward to a continued recovery.

On the other hand, the fixed income market, gold market, and emerging markets, and all took a mild hit. The bond market met an especially harsh season this past quarter, with a 3.17% loss in US bond values and a 2.79% loss globally. Bond investors have been eager to sell and reluctant to buy US Treasury Bonds with the prolonged low interest rates. The Federal Reserve recently announced that they have no intention of raising the current low interest rates anytime soon – at least, not until the country's unemployment rate drops below the 6.50% mark. Seeing as how Q2's unemployment rate fluctuated between 7.70% and 7.60%, we still have a ways to go before interest rates rise and the bond market can regain a solid foothold.

Gold (GLD) markets dropped rather drastically as well: a 22.90% decrease in Q2, the biggest plunge the business has seen in a while. Emerging markets (EEM) went down by 9.90%, and their year-to-date (YTD) returns had a whopping 13.19% loss. It seems that even while financial charts are sketching an upward line, sharp downward curves aren't completely absent from the stats—commodities have also taken a 7.98% loss this quarter; down 9.53% this year.

In the meantime, many investors have been turning to the equity market for potential profits. We believe the stock market can and will benefit from the advancing global economy, which has been slowly gaining back both trust and value from investors and financial analysts alike. In fact, as the market grows, a rise in interest rates may not be too far behind. Portfolios in SPWM have already been positioned to take full advantage of increased interest rates in the future. We are also on the alert to changes in the Consumer Price Index (CPI); necessary changes will be made as the CPI adjusts. With an uphill half-year behind us, it may be that the market still has room to grow before 2013 draws to a close.



Disclosures

Steel Peak Wealth Management, LLC (“Steel Peak”), an SEC registered investment adviser located in California, is providing this newsletter for informational purposes only. There is no guarantee that any views, projections and/or opinions expressed herein will come to pass. Investing in the stock market involves the potential for gains and the risk of loss. Information presented herein is subject to change without notice.

Steel Peak may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. This presentation should not be construed by any consumer and/or prospective client as Steel Peak’s rendering of personalized investment advice. Any subsequent, direct communication by Steel Peak 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 Steel Peak, please contact the United States Securities and Exchange Commission on their web site at www.adviserinfo.sec.gov. A copy of Steel Peak’s current written disclosure brochure discussing Steel Peak’s business operations, services, and fees is available from Steel Peak upon written request.

*YTD returns as of June 30, 2013