

Market Correction!!!

Most major Market Indexes like the Dow Jones Industrial Average, S&P 500 and the NASDAQ have all lost between 11-12% since these indexes reached their highest levels in July of 2015 "

Following is the illustration of interim corrections that the markets have experienced over the last 12-18 months.

Table 1¹

Indexes	March 7th-April 11th, 2014	September 9th-October 17th, 2014	October 17th-December 5th, 2014	July 17th-September 28th, 2015
Dow Jones Average	-3.0%	-5.3%	+9.6%	-12.15%
S&P 500	-3.3%	-6.17%	+10.02%	-11.10%
NASDAQ	-7.70%	-7.0%	+12.5%	-12.16%

It can be observed that:

1. During the bullish phase we have experienced over the last few years, the average correction has been in the order of 5-7%.
2. On an average, the period of April through late September-early October has experienced most corrections.
3. The capital markets have experienced healthy gains during the last quarter of most years.

The fundamnetals of the economy that are responsible for sustainable growth are as follows:

1. The average yearly GDP growth rate for the last few years has been in the 3% range. The 2nd Quarter 2015 GDP growth in the US was revised up to 3.9%. **We expect the GDP to grow in the 3% range for 3rd and 4th quarter.**
2. Unemployment has been improving since the 2008-09 recession. **We are currently at 5.4% unemployment rate which is favorable for overall economic growth.**
3. US real estate has experienced healthy growth and low interest rates provide a favorable borrowing conditions for new buyers and refinancing which would further support the real estate growth.
4. Wages in the US have seen initial growth that should help spending and hence the US economy.

¹ Data Source: www.

We believe that investors are worried about the Chinese economic slowdown and the uncertainty of interest rates introduced by the recent rhetoric from the Federal Open Market Committee (FOMC).

Markets have shown immense resillience in the face of bearish sentiment, especially during times of good economic fundamentals.

We believe that these are testing times that bring a tug of war between bulls and bears. Our belief is on the side of patience. History shows that steep corrections, that are created by fear and panic are followed by more than normal gains in the markets.

PLEASE REMEMBER: Each investor is unique and should invest to compliment their respective financial conditions and objectives.

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