



WEEKLY MARKET COMMENTARY

For the Week of May 21, 2012

THE MARKETS

U.S. equities finished lower Friday after the highly anticipated IPO of Facebook Inc. could not sway investors' attention away from European debt issue. The stock traded an IPO-record 567 million shares but failed to get the meteoric pop many were expecting, closing only slightly above its offering price. The markets closed down for the third consecutive week on signs of a slowing U.S. economy and mounting concerns that global growth will suffer from the continued euro zone debt crisis. The S&P recorded its worst week since November, but is still up 3.86 percent year-to-date. For the week, the Dow fell 3.39 percent to close at 12,369.38. The S&P dropped 4.23 percent to finish at 1,295.22 and the NASDAQ lost 5.28 percent to end the week at 2,778.79.

Returns Through 05/18/12	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-3.39	2.37	1.21	16.45	0.95
NASDAQ Composite (PR)	-5.28	6.67	-1.29	17.06	1.67
S&P 500 (TR)	-4.23	3.86	-1.25	14.87	-1.05
Barclays US Agg Bond (TR)	0.20	1.94	7.30	7.02	6.59
MSCI EAFE (TR)	-5.93	-2.24	-17.89	5.82	-6.85

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Let's Go Shopping – Retail sales by American consumers in March 2012 totaled \$411.1 billion compared to \$386.1 billion in March 2011, a 6.5 percent year-over-year increase (source: Census Bureau, BTN Research).

What's The Rate? – Although the nation's unemployment rate fell to 8.1 percent in April 2012, the result is masked by the number of Americans that have dropped out of the calculation, i.e., they are no longer part of the "civilian labor force" and actively looking for employment. Using the same "participation rate" from just one year ago, the nation's true unemployment rate may be as high as 9.0 percent when you add back an estimated 1.5 million frustrated job seekers that may have stepped to sidelines (source: Department of Labor, BTN Research).

Looking For A Job – A total of 1.78 million students will graduate from college as part of the Class of 2012 (source: National Association of Colleges and Employers, BTN Research).



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Page 2 of 2

WEEKLY FOCUS – Be Prepared! It Can Happen To You

May is Disability Insurance Awareness Month and according to a Council for Disability Awareness study, disability continues to be one of the leading causes of bankruptcies and mortgage foreclosures in the U.S. Most people think their biggest asset is their home or retirement savings. In fact, their biggest asset is their ability to work and earn a living. Disability insurance can provide an income replacement bridge and help keep families in their homes.

According to a new national WellPoint Inc. survey, “Most people don’t have enough saved to protect themselves and their families if something happened tomorrow.” The survey reported that two-thirds of Americans don’t have enough money saved to cover living expenses for three months, and only one-fourth of survey participants have disability insurance.

The main reason people lack disability insurance is a misunderstanding or lack of knowledge as to what disability insurance covers. For example, four in 10 Americans surveyed believed disability insurance only covers injuries and accidents, when in reality, about 90 percent of disabilities are caused by common illnesses and health conditions rather than accidents.

The Council for Disability Awareness, while reporting on benefits giant Unum, found the leading causes of long-term disability to be cancer, non-injury back disorders and injuries. The leading causes of short-term disability included normal pregnancy, injuries and complications from pregnancy. In 2011, injuries prompted only 10 percent of Unum’s long-term disability claims and 11 percent of short-term disability claims.

Disability insurance isn’t just for people living paycheck to paycheck. At any moment you or a family member can be the victim of a career-ending illness or accident. One-third of all women and one-fourth of men can expect to suffer a disability that keeps them out of work for 90 days or longer at some point during their working years. Safe-guard your assets from the likelihood of disability. Contact our office today to learn more about what disability insurance can do to protect you and your family.

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* 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 Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI#505703