NORTHVIEW ASSET MANAGEMENT

Fourth Quarter 2013 Market Review

Basically, we saw a fourth quarter that nearly mimicked the third quarter. The economy showed continued signs of improvement, equity markets outpaced the fixed income sector, and the FED and the political landscape remained the center of attention.

After a sixteen day government shutdown at the beginning of the quarter, Congress finally voted to raise the national debt and fund the government. The government shutdown resulted in 800,000 federal workers being laid off and a delay in the release of economic data. Also, the Fitch rating service placed our nation on review that some economists estimate cost the economy at an estimated $24 billion.

The FED met twice during the quarter. At its last meeting in December, the FED surprised the investor world by announcing a $10 billion reduction in their quantitative easing program. The FED also indicated they would reduce their buying by $10 billion at each subsequent meeting depending on market conditions. With that said, we don't anticipate a significant rise in interest rates for the foreseeable future. Why? Because the economy is not at a level to justify rising interest rates.

Stocks wrapped up the year with the best performance in two decades. For the quarter, the S&P and DOW gained 10.8% and 10.18% respectively. Conversely, treasuries continued their increase in yield. The 10 year Treasury yield increased 42 basis points for the quarter to close the year at 3.035%. The long-end closed the year at 3.97%, 1.02% over its 2012 close.

We continue to look for value both in equities and fixed income.