

FINANCIAL SECURITY PLANNING SERVICES, INC. SM



Market Thoughts

March 2015

March 20th is the first day of



Market Thoughts for March 2015

In this short video, Brad McMillan, chief investment officer at Commonwealth Financial Network®, discusses the U.S. economy, the global markets, and the recent economic rebound from earlier this year.



I hope you enjoyed this video.

What Do Lower Oil Prices Mean for You?

Since mid-2014, crude oil prices have been on the decline, causing gas and other oil-product prices to drop significantly. Although the long-term economic

impact of falling oil prices remains to be seen, this dramatic price change is affecting Americans' everyday lives in a number of ways.

Big savings at the pump

The most notable change, of course, is that it costs a lot less to fill your car's tank these days, with the average gas price in the U.S. hovering just below \$2.30 per gallon. Overall, U.S. consumers save about \$1.5 billion for every penny that the price of gas falls, according to Gluskin Sheff & Associates.

Thanks to the extra cash in Americans' pockets, personal spending jumped 4.3 percent in the fourth quarter of 2014, up from 3.2 percent in the third quarter. In January, consumer confidence was at its highest level in more than seven years.

So what are Americans doing with all this newfound cash and confidence? Spending has increased in two key areas:

- **New cars:** Auto sales climbed in January (typically a slow month), and the Conference Board reported an uptick in the number of people planning to buy a new car in the next six months. According to Kelley Blue Book, sales are expected to rise 13 percent, to 1.14 million, in 2015.
- **International travel:** Combined with the strong dollar, lower international airfares have many people planning trips abroad in 2015.

What isn't changing . . . yet

Of course, lower oil prices aren't translating to lower costs across the board.

- **Domestic flights.** Unfortunately, although traveling internationally or filling your tank for a road trip might be cheaper, domestic airfares remain largely unchanged. If oil prices continue to drop, fares may start to tick down later in 2015, but don't look for them to budge in the near future.
- **Real estate.** In communities where oil-related industries provide many local jobs, falling prices have the potential to put a damper on the real estate market. In other communities, however, the savings from oil costs (in terms of home heating, transportation, and the like) might actually boost homeownership. In any case, there tends to be a substantial lag before the real estate market reacts to such a price drop.

For most people, a welcome boost

Along with positive economic factors, lower oil prices have bolstered Americans' purchasing power, allowing people to spend more (or save more). So far, the drop in oil prices has had mostly favorable consequences for the everyday consumer.

My staff and I deeply appreciate the continuing opportunity to work with you. Please let me know if you have any questions or requests. Thank you.

Sincerely,

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