

Stocks gave in to gloom about low global oil prices and fell again last week, erasing the previous week's gains. For the week, the S&P 500 lost 1.25%, the Dow fell 1.79%, and the NASDAQ dropped 1.65%.¹

Domestically, the data looks more positive. Friday's July jobs report might have given the Federal Reserve the ammunition it needs to raise interest rates in September. The latest data shows that the economy added 215,000 new jobs last month, bringing the total for 2015 to 1.48 million so far.² Unemployment held steady at 5.3% (very close to the Fed's long-term average of 5.1%) and wages edged up 0.2%.³ Combined with growth in the total number of hours worked, workers' total cash earnings are up 4.8% from a year ago, giving American workers more money to spend.⁴

Last month was also the 65th month in a row with growth in private (non-government) payrolls, marking the longest jobs-growth streak since the 1930s.⁵ All told, the labor market continues to improve. While we're not in the boom times of the 80s or 90s, our "Plow Horse economy" is moving ahead moderately, which may set the stage for a rate increase later this year.⁶

In not-so-great news, Puerto Rico missed a municipal bond payment, marking a major setback for the U.S. territory, which has suffered from years of stagnant growth and rampant unemployment. Technically, Puerto Rico's Finance Corporation (PFC) has until this Tuesday to make its debt payment, but it's not likely to make the deadline. Puerto Rico owes \$73 billion in debt, much of it to investors in its municipal bonds.⁷

While the default may spell financial disaster for the territory, long-term investors are unlikely to be affected. The default has been widely expected, and ratings agencies downgraded Puerto Rico's debt into junk territory earlier this year.⁸ The default is also unlikely to affect the broader muni bond market since the situation in Puerto Rico is not representative of most municipal bond issuers. Improving credit conditions and broad economic growth across the country mean that investment-grade muni bonds may be an option for some investors as part of a well-diversified portfolio strategy.

Looking ahead, the week is light on economic data, though analysts will be looking for consumer sentiment and retail sales data for clues about the back-to-school shopping season. Back-to-school shopping is the second largest retail shopping event after the winter holidays and is an important barometer of overall consumer spending.⁹

ECONOMIC CALENDAR:

Tuesday: Productivity and Costs

Wednesday: JOLTS, EIA Petroleum Status Report, Treasury Budget

Thursday: Jobless Claims, Retail Sales, Import and Export Prices, Business Inventories

Friday: PPI-FD, Industrial Production, Consumer Sentiment

| Data as of 8/7/2015 | 1-Week | Since 1/1/15 | 1-Year | 5-Year | 10-Year |
|---------------------------|--------|--------------|--------|--------|---------|
| Standard & Poor's 500 | -1.25% | 0.91% | 8.80% | 17.05% | 6.94% |
| DOW | -1.79% | -2.52% | 6.14% | 12.62% | 6.46% |
| NASDAQ | -1.65% | 6.49% | 16.35% | 24.08% | 13.16% |
| U.S. Corporate Bond Index | 0.09% | -2.25% | -1.72% | 0.85% | 1.12% |
| International | -0.59% | 5.28% | -0.77% | 4.18% | 2.03% |
| Data as of 8/7/2015 | | | | | |
| Treasury Yields (CMT) | 0.03% | 0.23% | 0.38% | 1.59% | 2.18% |

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance and Treasury.gov. International performance is represented by the MSCI EAFE Index. Corporate bond performance is represented by the DJCBP. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

HEADLINES:

Low pump prices fuel vehicle sales. The July motor vehicle sales report shows that U.S. car manufacturers are reaping the benefits of low gas prices as consumers rush to buy SUVs and bigger vehicles. The industry is close to pre-recession sales numbers.¹⁰

Oil prices reach multi-month lows. Though crude oil supplies fell, a jump in U.S. gasoline inventories sent global oil prices low again. If refineries continue to produce at capacity, gasoline stocks will remain high even after the peak driving season.¹¹

Factory orders rebound in June. Orders for manufactured goods jumped in June in a positive sign for the struggling sector. A strong dollar and weak energy prices had stalled manufacturing activity in May.¹²

Consumer debt rises in June. Americans took on debt faster in June, suggesting that an improving labor market may be making them comfortable enough to open their wallets.¹³

QUOTE OF THE WEEK



“Be sure you put your feet in the right place, then stand firm.”

– Abraham Lincoln

RECIPE OF THE WEEK



Grilled Spicy Peach Salsa



Spice up basic homemade salsa on the grill!

Serves 6

Ingredients:

6 plum tomatoes (1 pound), cut in half lengthwise
1 small red onion, peeled and cut in half crosswise
1 fresh poblano pepper, 2 jalapeño chilies, or 1 habanero (for very, very spicy salsa)
1/4 cup fresh cilantro, rinsed thoroughly and chopped
2 fresh peaches, washed and sliced in half with the pit removed
1/2 of a fresh lime, juiced
1 tablespoon extra virgin olive oil
kosher salt and black pepper

Directions:

1. Heat your gas or charcoal grill to high after cleaning and oiling your grill grate. Grill the tomatoes and onion for about 10 minutes, turning them frequently until they are charred but still firm. Meanwhile, grill the peppers until they are blackened. Add the peaches near the end and grill until they are slightly charred.
2. Allow the fruit and vegetables to cool enough to handle. Coarsely chop the onion and tomatoes, reserving the juices. Peel the skin from the peppers, remove the seeds, and mince. If using the spicier peppers, wear gloves and wash hands thoroughly. Peel the peaches and coarsely chop them.
3. Combine all of the grilled ingredients with the cilantro, lime juice, olive oil, and salt and pepper to taste.
4. Let the salsa sit refrigerated for at least an hour or overnight to allow the flavors to combine.

Note: If you don't have a grill, heat your broiler to high and char the vegetables and peaches on a baking sheet.

Recipe adapted from Jane Kirby | RealSimple.com¹⁴



Take Advantage of College Tax Credits

If you, your spouse, or one of your dependents is heading off to college this fall, you may be able to claim some education expenses on your tax return. Here's what you need to know:

- You can claim only one type of education credit per student on your tax return each year. If you have multiple eligible students, you could claim a different credit for each student.
- To qualify, education expenses must be for tuition, fees, and "related expenses" for an eligible student. Expenses must be paid for attendance at eligible higher education institutions, including most colleges and universities. Ask the school whether they are an eligible institution or check the school's accreditation status in the U.S. Department of Education's Accreditation Database.
- **The American Opportunity Tax Credit:** The AOTC is worth up to \$2,500 per year, per eligible student. You may claim this credit only for the first four years of higher education. 40% of the AOTC is refundable, which means if you are eligible, you can get up to \$1,000 of the credit as a refund, even if you do not owe any taxes.
- **The Lifetime Learning Credit:** The LLC is worth up to \$2,000 on your tax return. There is no limit on the number of years that you can claim the LLC for an eligible student.

For more information on tax credits for education, contact a qualified tax professional.

Tip courtesy of IRS.gov¹⁵



Putt Like a Pendulum

If you're having trouble controlling the distance of your putts, chances are your stroke and backstroke are moving out of rhythm. Regardless of whether your strokes are fast or slow, you want the clubhead to move at a constant speed forward and back.

The next time you're on the putting green, ask a friend to watch you putt and note whether you're maintaining a consistent rhythm throughout the stroke. Think about how a pendulum moves at the same speed and distance forward and back. Focus on controlling the putter with your arms and shoulders instead of your hands and moving them back and forth at a constant speed in your stroke.

Tip courtesy of Brady Riggs, PGA | Golf Tips Mag¹⁶



Want a Longer Life? Spice Up Your Diet

Recent research into longevity found that regularly eating spicy food is associated with a lower risk of death, heart disease, and respiratory illnesses. A large Chinese observational study of over 450,000 subjects aged 30 to 79 found that those who ate spicy food regularly (three or more times per week) had a 14% lower chance of death during the study period than those who ate spicy food less than once per week.

The authors of the study stressed that no cause or effect can be assigned to spicy food; however, researchers suspect that the long-term addition of fresh peppers to the diet may introduce beneficial vitamins that fight common diseases.

Tip courtesy of AARP¹⁷



Have a Long-Term Strategy for Green Improvements

Environmentally friendly home improvements like efficient windows, solar panels, or a new roof are costly. Instead of trying to green up your house in one fell swoop, sit down and sketch out a long-term strategy for your home improvements. By researching your options and committing specific savings, you won't be greeted with sticker shock on your next project. When the furnace needs to be replaced, or it's time for some new windows, you'll have done your research and will know the green alternative that works for your budget.

Tip courtesy of Seattle PI¹⁸

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

We love being introduced!

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

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 average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

The Dow Jones Corporate Bond Index is a 96-bond index designed to represent the market performance, on a total-return basis, of investment-grade bonds issued by leading U.S. companies. Bonds are equally weighted by maturity cell, industry sector, and the overall index.

The S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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¹ <https://finance.yahoo.com/q/hp?s=%5EIXIC&a=00&b=1&c=2015&d=07&e=7&f=2015&g=d>
<https://finance.yahoo.com/q/hp?a=00&b=1&c=2015&d=07&e=7&f=2015&g=d&s=%5EDJI%2C+&ql=1>
<https://finance.yahoo.com/q/hp?a=00&b=1&c=2015&d=07&e=7&f=2015&g=d&s=%5EGSPC%2C+&ql=1>

² <https://research.stlouisfed.org/fred2/series/PAYEMS/#>

³ <http://www.cnbc.com/2015/08/07/us-created-215000-jobs-in-july-vs-223000-expected-unemployment-rate-at-53.html>

⁴ <http://www.ftportfolios.com/Commentary/EconomicResearch/2015/8/7/nonfarm-payrolls-increased-215,000-in-july>

⁵ <http://www.ftportfolios.com/Commentary/EconomicResearch/2015/8/7/nonfarm-payrolls-increased-215,000-in-july>

⁶ <http://www.ftportfolios.com/Commentary/EconomicResearch/2015/8/7/nonfarm-payrolls-increased-215,000-in-july>

⁷ <http://www.ibtimes.com/puerto-rico-default-how-we-got-here-what-happens-next-2034788>

⁸ <http://www.cnbc.com/2015/04/27/sp-downgrades-puerto-rico-to-ccc-from-b-with-negative-outlook.html>

⁹ <http://www.forbes.com/sites/lauraheller/2015/08/07/welcome-to-the-new-back-to-school-shopping-season/>

¹⁰ <http://www.usatoday.com/story/money/2015/08/03/nissan-us-sales-up-8-big-vehicles-soar/31046075/>

¹¹ <http://www.foxbusiness.com/markets/2015/08/06/oil-trades-close-to-multi-month-lows-brent-below-50/>

¹² <http://www.foxbusiness.com/economy-policy/2015/08/04/factory-orders-rebound-in-june/>

¹³ <http://www.foxbusiness.com/economy-policy/2015/08/07/us-consumer-credit-picks-up-in-june/>

¹⁴ <http://www.realsimple.com/food-recipes/browse-all-recipes/grilled-salsa>

¹⁵ <http://www.irs.gov/uac/Back-to-School-Education-Tax-Credits>

¹⁶ <http://www.golftipsmag.com/instruction/putting/quick-tips/putt-in-rhythm.html>

¹⁷ <http://blog.aarp.org/2015/08/05/some-like-it-hot-spicy-food-linked-to-longer-life/>

¹⁸ <http://www.seattlepi.com/news/article/10-tips-from-green-living-specialist-Thor-Peterson-1270013.php>