
Fed Cites These 3 Factors Behind Last Week's Decision

Weekly Update – September 21, 2015

Uncertainty about the Federal Reserve's decision on interest rates weighed on markets last week, pushing the Dow and the S&P lower. For the week, the S&P 500 lost 0.15%, the Dow fell 0.29%, while the NASDAQ gained 0.10%.¹

On Thursday, the Federal Reserve voted to hold interest rates steady at near zero for at least another month. Did the Fed choke or are officials just being cautious? It's hard to say, but we now know that recent global economic events are an official problem for the U.S. Though the Fed economists believe the labor market and other sectors of the U.S. economy are doing well, they cited three factors in their decision to keep rates low: ²

1. Weakening inflation pressure because of falling oil and gasoline prices, as well as a stronger dollar.
2. Recent global events like China's surprise Yuan devaluation and recent economic reports that raise concerns about slowing worldwide.
3. Financial developments like the recent stock market correction.

Investors read the decision as a vote of no confidence in the economy on the part of the Fed and reacted with another selloff. However, much like the run-up to Y2K or the panic surrounding the tapering of quantitative easing, we think that a lot of the recent headlines are simply hyperbole.

The Fed doesn't feel a lot of pressure to raise interest rates because inflation is still quite tame, and the risk of an overheated economy is low. Right now, the Fed's main concern is risk management; central bankers don't want to risk tightening too soon in an environment of slowing global growth. Instead, they'd rather commit to a slow, gradual approach that gives them plenty of wiggle room to adjust to changing conditions.

Relax. A rate hike is coming. Some think it will happen in December while others think the Fed will hold off until early 2016. What's important is that our domestic economy is looking solid, and the Fed doesn't want to act hastily. Realistically, we can expect market volatility to continue for the near future as investors price in the uncertainty.

The week ahead will be highlighted by a speech by Fed chair Janet Yellen as well as another report on second-quarter GDP. Analysts will be looking for more clarity about the Fed's path to higher interest rates. Chinese President Xi Jinping will also be visiting the U.S. and analysts hope that he'll provide some insight into how China plans to tackle their growth problem.³

ECONOMIC CALENDAR:

Monday: Existing Home Sales

Wednesday: PMI Manufacturing Index Flash, EIA Petroleum Status Report

Thursday: Durable Goods Orders, Jobless Claims, New Home Sales, **Janet Yellen Speaks 5:00 PM ET**

Friday: GDP, Consumer Sentiment

Data as of 9/18/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.15%	-4.90%	-2.65%	14.79%	5.82%
DOW	-0.29%	-8.07%	-5.10%	10.89%	5.40%
NASDAQ	0.10%	1.93%	5.09%	21.69%	12.34%
U.S. Corporate Bond Index	0.51%	-1.96%	-0.07%	0.91%	1.08%
International	0.54%	-3.43%	-9.95%	2.40%	0.69%
Data as of 9/18/2015					
Treasury Yields (CMT)	0.00%	0.10%	0.35%	1.45%	2.13%

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:

Greek exit polls show left-wing win. Projections suggest that the left-wing Syriza party responsible for the debt showdown likely won Sunday's elections. The win could mean that further austerity fights are in store for Greece's creditors.⁴

Housing starts fall more than expected. Groundbreaking on new houses dropped more than projected in August, though permits for new construction rebounded, pointing to underlying strength in the housing market.⁵

Weekly jobless claims fall to multi-month low. The number of Americans filing new claims for unemployment benefits fell to the lowest level since mid-July, suggesting that the labor market continues to improve, though the data may be volatile due to the Labor Day holiday.⁶

Consumer prices fall. Prices on a range of U.S. goods and services fell last month as gasoline prices dropped again and the U.S. dollar gained strength. Falling inflation complicates the Fed's decision on interest rate raises.⁷

QUOTE OF THE WEEK



“A friendship founded on business is a good deal better than a business founded on friendship.”

– John D. Rockefeller

RECIPE OF THE WEEK



Apple Crumble



Take advantage of seasonal apples for this delicious treat.

Ingredients:

Serves 6-8

3 lbs Golden Delicious or other favorite apples, peeled, cored, and cut into 1/4-inch slices

1/4 cup honey

1/2 cup chopped pecans

zest and juice of 1 lemon

3/4 cup all-purpose flour

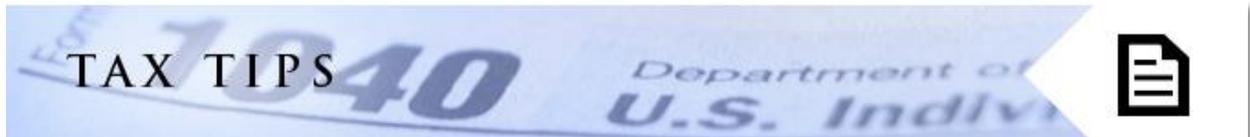
1/2 cup light or dark brown sugar, packed

3 tablespoons unsalted butter, chilled and cut into small pieces

Directions:

1. Preheat your oven to 350° F. Toss the apple slices, honey, nuts, lemon zest and juice together in a medium bowl and then pour them into a baking dish of your choice.
2. In another bowl, mix the flour, sugar, and chilled butter. Using your fingers or two forks, cut the butter into the dried ingredients until it forms crumbs. Don't allow the butter to warm or melt. Sprinkle the mixture over the apples in the dish.
3. Bake for about 45 minutes until the topping is golden and the apples are tender. If the top browns too quickly, cover it with foil and remove the foil for the last 10 minutes to allow it to crisp.
4. Serve warm with whipped cream, ice cream, or honey Greek yogurt.

Recipe adapted from Jane Kirby and Kay Chun | RealSimple.com⁸



Protect Your Records from Disaster

Natural disasters can strike at any time, and it's important to take steps to protect your tax and financial records. Here are some tips from the IRS:

- **Keep electronic backups.** Many people get emailed financial statements, which are a good way to ensure you always have access to these important documents. Ask your advisor for help scanning tax records, insurance policies, estate papers, and any other paper documents. Be sure to back up any CDs, DVDs, or external hard drives somewhere outside your house.
- **Document your valuables.** Take photos or a video of the contents of your home, office, or vacation house. This record will help document any losses for insurance claims or for deductions on your tax return.
- **Know where to get copies of tax returns and transcripts.** Ask your tax advisor for help filing a request for lost tax returns or a free transcript.

For more information about disaster assistance, speak to your advisor or call the IRS disaster hotline at 866-562-5227.

Tip courtesy of IRS.gov⁹



Fix Your Posture to Fix Impact Problems

If you're having trouble hitting the ball with the center of your clubface, there's a good chance you have some problems with your posture. Here's how to diagnose the issue:

If you frequently hit the ball with the toe of your clubface you might be losing your spine angle. In other words, sometime during your front or back you're standing too tall and not hitting down into the turf. If this is you, try setting up a little further away and staying in the proper posture throughout your entire swing.

If you're hitting the ball with the heel of your clubface, you may have the opposite problem. You might be dropping down too much over the ball or slumping during your swing. To fix it, try and stay taller throughout the swing and avoid curving your back.

Tip courtesy of Steve Dahlby, PGA | Golf Tips Mag¹⁰



CDC Says 2015 Flu Shot Will Be Better

If you got your flu shot last year and still got the flu, the Centers for Disease Control have a message for you: Sorry about last year's shot; this year's should be better. The 2014-2015 flu season was especially rough because the major flu strain changed after the bulk of flu vaccines had been manufactured. As a result, the vaccine was only 13% effective. Though the influenza virus is unpredictable, scientists believe that this year's vaccine should be much more effective at preventing the disease's worst consequences. The CDC recommends that all older adults get vaccinated. For more information, contact your primary care physician or visit your local health department vaccination site.

Tip courtesy of AARP¹¹



Volunteer for the Environment

Want to do more to help the environment? Volunteer in your community with these easy activities:

- **Organize a tree-planting party in your neighborhood.** Work with your local nursery to learn about what trees thrive in your area and enlist neighbors to plant trees.
- **Arrange a road or creek cleanup with coworkers.** Talk to your human resources department about adopting a road and taking responsibility for gathering trash.
- **Organize an e-recycling event.** Work with your local municipality to set up an electronic waste recycling event for computers, televisions, and other old electronics that can't be thrown away.
- **Start a community garden.** Work with your municipality to start an organic community garden in an unused lot.

Tip courtesy of The Nature Conservancy¹²

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.

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¹ <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=08&b=14&c=2015&d=08&e=18&f=2015&g=d>

<http://finance.yahoo.com/q/hp?a=08&b=14&c=2015&d=08&e=18&f=2015&g=d&s=%5EDJI%2C+&q|=1>

<http://finance.yahoo.com/q/hp?a=08&b=14&c=2015&d=08&e=18&f=2015&g=d&s=%5EIXIC%2C+&q|=1>

² <http://www.cnbc.com/2015/09/18/stocks-open-sharply-lower-on-fed-uncertainty.html>,

<http://www.cnbc.com/2015/09/18/counting-each-word-yellens-core-message-hasnt-moved.html>,

<http://www.ftportfolios.com/retail/blogs/economics/index.aspx>

³ <http://www.foxbusiness.com/economy-policy/2015/09/18/week-ahead-yellen-speech-and-gdp/>

⁴ <http://www.foxcarolina.com/story/30071997/exit-poll-shows-left-wing-syriza-likely-winning-greek-vote>

⁵ <http://www.foxbusiness.com/economy-policy/2015/09/17/housing-starts-fall-permits-rebound-in-august/>

⁶ <http://www.cnbc.com/2015/09/17/us-weekly-jobless-claims-sep-6-2015.html>

⁷ <http://www.cnbc.com/2015/09/16/us-consumer-price-index-august-2015.html>

⁸ <http://www.realsimple.com/food-recipes/browse-all-recipes/apple-crisp>

⁹ <http://www.irs.gov/uac/Prepare-for-a-Disaster-Plan-to-Keep-Your-Tax-Records-Safe>

¹⁰ https://www.youtube.com/watch?list=UUPLAYER_GolfTipsMag&v=Cy11Hby7tFM

¹¹ <http://blog.aarp.org/2015/09/17/cdc-flu-shot-should-be-better-this-season/>

¹² <http://www.nature.org/about-us/volunteer/search-volunteer-opportunities/index.htm?intc=nature.hp.sp2>