

S&P Posts Biggest Weekly Gain of 2015

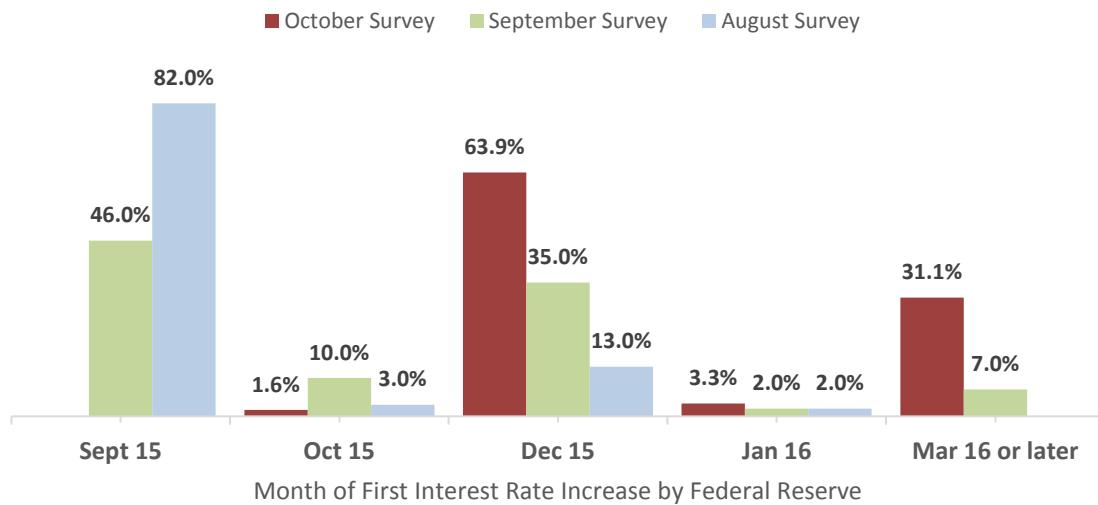
Weekly Update – October 12, 2015

Stocks ended last week on a strong note, regaining a lot of lost ground and giving the S&P 500 its best week of the year. For the week, the S&P 500 gained 3.26%, the Dow grew 3.72%, and the NASDAQ rose 2.61%.¹

Markets started off the week by continuing the previous Friday's rally, buoyed by the expectation that the Federal Reserve won't be raising rates at the October meeting. Are they right? Probably.

The chart below shows the results of monthly surveys of professional economists by the Wall Street Journal. Notice how the responses have changed substantially over time. At the beginning of August and September (in blue and green, respectively), the majority of economists believed that a September rate hike was coming. Now in October (in red), bets are on for a December hike, though many believe the Fed might hold off until March or later.²

WSJ Economist Q&A: When Will the Fed Make Its First Rate Increase?



Source: WSJ Economic Forecasting Survey. August, September, and October 2015 Editions.

Who's right? Who knows. This kind of uncertainty is often what is behind market turbulence. When world-class economists can't agree on even a single data point like a coming interest rate increase, is it any wonder that investors respond nervously?

Earning season is already under way, with reports out from 24 S&P 500 companies as of Friday.³ The season will kick into high gear in the coming weeks, and we expect that to drive a lot of market activity as investors digest corporate profitability. So far, expectations are muted.

Total earnings from S&P 500 companies are expected to be down 5.7% from the third quarter of 2014 on lower revenues. The same issues that plagued companies in the first half of the year drove this rocky performance: namely, slowing global growth, a strong U.S. dollar, and weakness in the Energy sector.⁴ Analysts know that U.S. companies have been dealing with a challenging business environment but they're hoping for some standout performances.

How will markets react to earnings reports? We can't predict anything for sure, but we can expect continued volatility with the major indices bumping up or down depending on how investors are feeling about fourth-quarter prospects.

Is it frustrating to be so uncertain heading into the last months of the year? You bet it is. But that's just part and parcel of being an investor in today's markets. One of the (many) reasons you work with a financial professional is so that we can help chart a course through challenging markets. Though indexes and sectors may go up and down, we're always looking for opportunities and individual success stories to help our clients thrive in different market environments.

ECONOMIC CALENDAR:

Monday: Banks closed, markets open for Columbus Day Holiday

Tuesday: Treasury Budget

Wednesday: PPI-FD, Retail Sales, Business Inventories, Beige Book

Thursday: Consumer Price Index, Jobless Claims, Empire State Mfg. Survey,

Philadelphia Fed Business Outlook Survey, EIA Petroleum Status Report

Friday: Industrial Production, JOLTS, Consumer Sentiment, Treasury International Capital

Data as of 10/9/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	3.26%	-2.14%	4.50%	14.59%	6.85%
DOW	3.72%	-4.14%	2.55%	11.04%	6.60%
NASDAQ	2.61%	1.99%	10.33%	20.22%	13.11%
U.S. Corporate Bond Index	0.14%	-2.08%	-1.95%	0.48%	1.15%
International	5.35%	-0.94%	-1.57%	1.77%	1.04%
Data as of 10/9/2015					

Treasury Yields (CMT)	0.01%	0.07%	0.28%	1.41%	2.12%
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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:

Jobless claims fall again. After an unexpected rise the week before, claims for new unemployment benefits dropped last week to a 42-year low. Though weekly claims can be very volatile, the data points to a strengthening labor market.⁵

Chain store sales fall. The latest data from retail chains shows that shoppers cut back on their spending in September. Low sales may bode ill for the holiday shopping season.⁶

U.S. trade gap widens on weak demand. August exports abroad took a major hit from the ailing global economy and a strong dollar, sending the trade gap – the difference between imports and exports – to its highest level in five months.⁷

Consumer borrowing falters. Americans borrowed money from lenders at the slowest rate in August in six months. Though household borrowing still grew, Americans lost their appetite for auto and education lending.⁸

QUOTE OF THE WEEK



“Success is simple. Do what’s right, the right way, at the right time.”

– Arnold Glasow



Autumn Squash Soup



Elevate basic squash soup with a little orange zest.

Ingredients:

Serves 4

- 1 Tablespoon unsalted butter
- 2 leeks, white and tender green parts only, rinsed and thinly sliced
- 1/2 teaspoon grated zest from an organic orange
- 2 small butternut or acorn squashes, peeled, seeds removed, and cut into 1/2-inch pieces
- 1/4 teaspoon ground nutmeg
- 4 cups low-sodium chicken broth (use vegetable stock for a vegan/vegetarian dish)
- kosher salt and black pepper
- Sour cream

Tip: To peel the squashes, slice off the top and bottom and use a regular vegetable peeler to remove the tough skin. A clean kitchen towel can help you avoid losing your grip on the squash.

Directions:

1. Heat a large pot over medium-low heat. Melt the butter and add the chopped leeks. Cook until softened for about 5 minutes.
2. Add the chunks of squash, orange zest, and nutmeg. Stir to coat with butter and cook for 2-3 minutes.
3. Add the stock and raise the temperature to medium-high. Cover to bring to a boil. Simmer the soup until the largest pieces of squash can easily be pierced with a knife.
4. Puree the soup in a blender – be careful to follow manufacturer instructions on blending hot soups. You can also use a manual food mill or chinois. Season the soup with a pinch of salt and pepper to taste.
5. Serve hot with a dollop of sour cream and an extra sprinkle of nutmeg.

Recipe adapted from RealSimple.com⁹



Act Now to Avoid Tax-Time Surprises

Avoid large refunds or unexpected tax bills at tax time by bringing your estimated taxes in line with what you will actually owe:

- **Check your withholding.** If you're an employee, work with your tax professional or use the IRS Withholding Calculator to check that your withholding is correct. If you're not withholding enough from your paychecks, you may want to set aside money now for your future tax bill.
- **Report any important life changes.** If you've recently gotten married, had a child, gotten divorced, or added other dependents, you may need to adjust your withholding. If you have changed your name, make sure to file the change with the Social Security Administration to avoid errors at tax time.
- **Have multiple sources of income?** If you work multiple jobs or receive reportable income from other sources, you may need to make estimated tax payments. Consult a qualified tax professional for help.

To learn more about adjusting your tax withholding or paying estimated taxes, ask your tax professional or check Publication 505, Tax Withholding and Estimated Tax.

Tip courtesy of IRS.gov¹⁰



GOLF TIP



Don't Rush the Backswing

If you're after a longer, more powerful drive, make sure that you're completing your backswing. Many golfers, anxious to let the swing rip, neglect to fully extend their backswing, robbing themselves of power. Instead, make sure that you fully rotate back and get a big shoulder turn. It can help to pause at the top of your backswing to power up before swinging away fully.

Tip courtesy of Mike Dobbyn | Golf Tips Mag¹¹



HEALTHY LIFESTYLE



What Not to Do for Brain Health

You probably know that a healthy diet and plenty of exercise and social activity are good for your brain's health. So what's not good for your brain?

- **Depression.** Research suggests that depression in older people can double the risk of cognitive and mental decline. The brain changes associated with depression are also linked with dementia, although the relationship isn't clear.
- **Hearing and vision loss.** It's a no-brainer that losing some of your most vital functions can harm your mental health. Make sure to stay on top of any changes in your vision and hearing to help avoid potential issues with memory, thinking, and socialization.
- **Stress.** Regular stress can cause memory problems and declines in certain mental processes.

Tip courtesy of AARP¹²



GREEN LIVING



Keep Your Refrigerator Running Efficiently

Since the fridge is one of your most energy-hungry appliances, keeping it in top form can save you big on electricity bills. Here's how:

- Vacuum your coils regularly according to the instructions in your specific refrigerator manual.
- Check the door seal by closing it on a piece of paper. If you can pull the paper out easily, it's time to replace the gasket.
- Don't overfill your fridge. Allow air to circulate freely – avoiding hot spots – to keep the interior at the right temperature without straining the cooling system.

Tip courtesy of Seattle PI¹³

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 <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=09&b=2&c=2015&d=09&e=9&f=2015&g=d>

<http://finance.yahoo.com/q/hp?a=09&b=2&c=2015&d=09&e=9&f=2015&g=d&s=%5EDJI%2C+&ql=1>

<http://finance.yahoo.com/q/hp?a=09&b=2&c=2015&d=09&e=9&f=2015&g=d&s=%5EIXIC%2C+&ql=1>

² <http://projects.wsj.com/econforecast/#qa=20151001001>

³ <http://www.zacks.com/commentary/58684/earnings-weakness-isn39t-just-energy-driven>

⁴ <http://www.zacks.com/commentary/58684/earnings-weakness-isn39t-just-energy-driven>

⁵ <http://www.foxbusiness.com/economy-policy/2015/10/08/jobless-claims/>

⁶ <http://www.nasdaq.com/article/weekly-chainstore-sales-fall-in-latest-weekgoldmanretail-economist-20151006-00409>

⁷ <http://www.foxbusiness.com/economy-policy/2015/10/06/us-trade-gap-widens-sharply-in-august/>

⁸ <http://www.bloomberg.com/news/articles/2015-10-07/consumer-borrowing-in-u-s-rises-at-slowest-pace-in-six-months>

⁹ <http://www.realsimple.com/food-recipes/browse-all-recipes/autumn-squash-soup-orange-zest-nutmeg>

¹⁰ <https://www.irs.gov/uac/Review-Your-Taxes-This-Summer-to-Prevent-a-Surprise-Next-Spring>

¹¹ https://www.youtube.com/watch?list=UUPLAYER_GolfTipsMag&v=4hh3MvWW71Y

¹² <http://www.aarp.org/health/brain-health/info-2015/brain-health-what-helps-what-hurts.html?intcmp=-FLXSLDR-SLIDE1-RL2>

¹³ <http://www.seattlepi.com/news/article/10-tips-from-green-living-specialist-Thor-Peterson-1270013.php>