
Stocks Post Third Weekly Gain on Hopes of Fed Delay

Weekly Update – October 19, 2015

Stocks ended last week on another strong note as markets surged on the strong possibility that the Fed won't raise rates this year. For the week, the S&P 500 gained 0.90%, the Dow grew 0.77%, and the NASDAQ rose 1.16%.¹

Investors greeted mixed economic data with cheers as it raised hopes that the Federal Reserve will delay hiking rates. We're back to another round of "bad news is good news" market activity. Investors have exhibited this contrary behavior around key Fed decisions in the past, so it's no great surprise. Right now, investors are so nervous about rate hikes that they cued into last week's lackluster data as an indicator that the Fed could delay a rate raise until 2016.

Among the reports that might give the Fed pause was data that showed industrial production slipping for two months in a row, potentially showing that the manufacturing sector is suffering.² Wall Street economists are also paring back Q3 economic forecasts, expecting to see just 1.7% growth following the second quarter's strong final reading of 3.9%.³ On the positive side, consumer sentiment rebounded strongly, suggesting that the economy remains strong despite challenges from a strong dollar and weak global growth.⁴

So far, earnings season has been lackluster. Although we haven't heard from enough U.S. companies to draw conclusions, reports from heavy-hitters like Wal-Mart [WMT] and Yum Brands [YUM] show that many companies are cautious about growth prospects. Economic developments in China and volatility abroad are making projections difficult, but companies expect challenges to growth to continue.⁵

This week is light on U.S. economic data, so markets will likely focus on earnings reports and key economic data out of China. Is last week's rally likely to last? We can hope so, but we're expecting more volatility as earning season progresses and investors digest fourth-quarter forecasts.

ECONOMIC CALENDAR:

Monday: Housing Market Index

Tuesday: Housing Starts

Wednesday: EIA Petroleum Status Report

Thursday: Jobless Claims, Existing Home Sales

Friday: PMI Manufacturing Index Flash

Data as of 10/16/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	0.90%	-1.25%	9.15%	14.57%	7.13%
DOW	0.77%	-3.41%	6.82%	11.12%	6.74%
NASDAQ	1.16%	3.18%	15.87%	19.59%	13.67%
U.S. Corporate Bond Index	0.38%	-1.70%	-1.93%	0.86%	1.32%
International	0.28%	-0.66%	2.83%	1.57%	1.15%
Data as of 10/16/2015					
Treasury Yields (CMT)	0.03%	0.07%	0.23%	1.36%	2.04%

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:

Retail sales flat in September. Sales of retail goods barely rose in September. However, cheaper gas weighed on the overall data while spending on automobiles and other goods rose. So-called core spending (which closely follows consumer spending) slipped 0.1%.⁶

Business inventories unchanged in August. After piling up inventories over two quarters, businesses failed to add more in August as they work through their stockpiles. The slow pace could weigh on Q3 economic growth.⁷

Fed Beige Book shows modest expansion in last two months. A key report from the Fed's 12 regional districts shows that wage growth was subdued despite a strengthening labor market. Other key measures show modest economic growth.⁸

Jobless claims fall to match 40-year low. The number of Americans filing new claims for unemployment benefits fell last week to match the 40-year low reached in mid-July, suggesting that employers are laying off fewer people.⁹

QUOTE OF THE WEEK



"Live so that you wouldn't be ashamed to sell the family parrot to the town gossip."

– Will Rogers

RECIPE OF THE WEEK



Slow-Cooker Chicken Pot Pie



Try this take on chicken pot pie using your slow cooker.

Ingredients:

Serves 4

8 ounces cremini or button mushrooms, rinsed quickly and halved with the stems trimmed
4 carrots, peeled and cut into 1-inch pieces
1 medium onion, chopped finely
1/3 cup all-purpose flour
2 sprigs fresh thyme
1 bay leaf
1/2 cup chicken or vegetable stock
1 1/2 pounds boneless, skinless chicken thighs, sliced crosswise
kosher salt and black pepper

1 sheet puff pastry (half a 17.3-ounce package), thawed
1 cup frozen peas
1 cup frozen green beans
1/3 cup heavy cream or half-and-half

Chef's tip: Tie the thyme and bay leaf together using kitchen twine to make them easier to remove before serving.

Directions:

1. Heat your slow cooker to high (it warms the ceramic faster) and add the mushrooms, carrots, onion, flour, thyme, bay leaf, and chicken stock.
2. Lay the chicken on top and season with a pinch of salt and a pinch of pepper.
3. Cover the cooker and cook the chicken and veggies for 7 hours on low or 4 hours on high.
4. Half an hour before you're ready to eat, taste the mixture for seasoning and add more salt or pepper as needed. Turn your oven to 425° and cut the defrosted pastry sheet into four circles using a cookie cutter or large glass. Place the pastry circles on a baking sheet lined with parchment paper and bake for about 10 minutes until they are golden.
5. About ten minutes before serving, add the frozen peas, green beans, and cream to the chicken and stir thoroughly. Cover and cook on high for ten minutes more. Remove the thyme and bay leaf.
6. Serve the chicken and vegetables in bowls topped with the pastry rounds.

Recipe adapted from RealSimple.com¹⁰



Tips for Financial Aid Applicants

If you're applying for financial aid and need to get an official transcript to fill out the Free Application for Federal Student Aid (FAFSA), here's how: Use the IRS Data Retrieval Tool on the FAFSA website to directly import your tax information into the application. This process is much faster than requesting a paper transcript that can take 5-10 calendar days to arrive in the mail.

Tip courtesy of IRS.gov¹¹



Make Consistent Impacts with Your Iron

Striking consistently with your iron when the ball is resting on the ground takes a different technique than a driver. To make a strong impact, you want to strike the ball with a descending blow and pinch the ball between.

To accomplish this, make sure that at impact your hands are slightly ahead of the ball – 10-12 degrees is enough – to help your clubhead strike downward into the ball. You'll know you've got it right when you are able to create a divot on the side of the ball that's toward the target.

Tip courtesy of Doug Hammer, PGA | Golf Tips Mag¹²



Surprising Heart Attack Links You Should Know

Research has found links between certain factors and the risk of having a heart attack. Though cause-and-effects are always tricky to identify, keep an eye on these potential indicators in your life:

- Persistent asthma that requires daily medication is associated with a 60% higher risk of a stroke, heart attack, or other coronary event. Many asthma sufferers may mistake chest pain or tightness as symptoms of their disease and delay medical care.
- Migraines preceded by auras (bright flashes or blind spots) may be a predictor of heart attack risk in women.
- Weak grip strength correlates with increased risk of heart attack, possibly because of a connection between muscle strength and vascular function. For every 5 kg decline in grip strength comes a 17% higher risk of heart attack.
- Researchers found that the risk of a heart attack increases 72% in the first hour after drinking. While mild alcohol consumption may lower heart attack risk over time, it comes with a temporary spike in risk.

Tip courtesy of AARP¹³



Use Energy Efficient Cooking Methods

Electric ovens can be energy hogs that add significantly to your household's carbon footprint, creating 2.7 pounds of CO₂ each hour. Whenever possible, try one of these more-efficient alternatives:

- A toaster oven: 1.3 pounds of CO₂ every 50 minutes.
- A slow cooker: 0.9 pounds of CO₂ every seven hours.
- A microwave: 0.5 pounds of CO₂ every 15 minutes.

Tip courtesy of Seattle PI¹⁴

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.

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¹ <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=09&b=9&c=2015&d=09&e=16&f=2015&g=d>

<http://finance.yahoo.com/q/hp?s=%5EGSPC&a=09&b=9&c=2015&d=09&e=16&f=2015&g=d>

<http://finance.yahoo.com/q/hp?s=%5EIXIC&a=09&b=9&c=2015&d=09&e=16&f=2015&g=d>

² <http://www.reuters.com/article/2015/10/16/us-usa-economy-idUSKCN0SA1NE20151016>

³ <http://www.reuters.com/article/2015/10/16/us-usa-economy-idUSKCN0SA1NE20151016>

<http://www.cnbc.com/2015/10/14/jpmorgan-slashes-q3-gdp-estimate-to-1-pct-from-15-pct-on-weak-data.html>

⁴ <http://www.reuters.com/article/2015/10/16/us-usa-economy-idUSKCN0SA1NE20151016>

⁵ <http://www.cnbc.com/2015/10/16/market-watches-earnings-as-fed-leaves-it-a-ball-of-confusion.html>

⁶ <http://www.foxbusiness.com/economy-policy/2015/10/14/september-retail-sales-risefall-0x/>

⁷ <http://www.reuters.com/article/2015/10/14/us-inventories-idUSKCN0S81RO20151014>

⁸ <http://www.foxbusiness.com/economy-policy/2015/10/14/beige-book-offers-few-clues-in-rate-hike-debate/>

⁹ <http://www.foxbusiness.com/economy-policy/2015/10/15/weekly-jobless-claims-risefall-by-xx000/>

¹⁰ <http://www.realsimple.com/food-recipes/browse-all-recipes/chicken-mushroom-pot-pie?iid=most-shared-4>

¹¹ <https://www.irs.gov/uac/Hold-On-to-Your-Tax>Returns-Options-to-Get-Tax-Information>

¹² https://www.youtube.com/watch?list=UUPLAYER_GolfTipsMag&time_continue=1&v=7RyqBpnHSSA

¹³ <http://www.aarp.org/health/healthy-living/info-2015/heart-attack-triggers.html>

¹⁴ <http://www.seattlepi.com/news/article/52-tips-for-living-green-1269861.php>