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## How Will the Paris Attacks Affect Markets?

Weekly Update – November 16, 2015

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Markets gave up gains last week and closed lower, ending the worst week since mid-August. Nerves about a possible December rate hike and faltering commodity prices contributed to selling pressure.<sup>1</sup> For the week, the S&P 500 lost 3.63%, the Dow fell 3.71%, and the NASDAQ dropped 4.26%.

A series of coordinated terrorist attacks shook Paris on Friday, leading to at least 129 dead and hundreds wounded.<sup>2</sup> **Our thoughts are with the victims and their families in this terrible time.** Coming on top of suicide bomber attacks in Beirut on Thursday and the possible bomb-related downing of a Russian charter flight in October, the attacks have highlighted the global threat posed by ongoing violence in Syria, Iraq, and Afghanistan.<sup>3</sup>

American officials were quick to announce that no “credible threat” exists against U.S. targets, for which we are thankful.<sup>4</sup> As attention turns to analyzing the attacks, experts around the world are already thinking about the financial, economic, and security implications of these new threats.

### How will markets react to the attacks?

As always, there is no way to know for sure how single events will affect markets. However, we can take some educated guesses.<sup>5</sup>

- Volatility in financial markets around the world is likely as investors react to geopolitical uncertainty and the expectation that western nations may take a more active role in overseas conflicts.
- Oil may experience a rally as investors hedge their bets against further instability in the Middle East.
- U.S. Treasuries and other so-called “safe haven” investments may see interest as investors seek shelter from uncertainty.
- The Euro may drop against the U.S. dollar and other currencies because of increased headwinds.

**Though the deplorable attacks are terrible in their human cost, they likely won't change the overall market calculus for U.S. investors.** We will wait and see what happens this week in European markets and will advise you of any concerns as needed.

Looking ahead, investors will be concerned with economic reports and the upcoming

December Federal Reserve Open Market Committee (FOMC) meeting. Minutes from the last FOMC meeting will be released on Wednesday, and analysts will be searching for clues about a potential December interest rate hike.<sup>6</sup>

## ECONOMIC CALENDAR:

**Monday:** Empire State Mfg. Survey

**Tuesday:** Consumer Price Index, Industrial Production, Housing Market Index, Treasury International Capital

**Wednesday:** Housing Starts, EIA Petroleum Status Report, FOMC Minutes

**Thursday:** Jobless Claims, Philadelphia Fed Business Outlook Survey

Data as of 11/13/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-3.63%	-1.74%	-0.80%	13.74%	6.38%
DOW	-3.71%	-3.24%	-2.31%	10.82%	6.14%
NASDAQ	-4.26%	4.05%	5.29%	19.14%	12.37%
U.S. Corporate Bond Index	-0.07%	-3.17%	-2.26%	0.65%	1.21%
International	-1.80%	-3.53%	-5.54%	0.98%	0.74%
Data as of 11/13/2015					
Treasury Yields (CMT)	0.03%	0.31%	0.50%	1.67%	2.28%

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 edge upward.** October retail sales rose less than expected, growing just 0.1% vs. the 0.3% forecast. A surprise decline in auto sales contributed, tamping down on growth expectations for the fourth quarter.<sup>7</sup>

**Weekly jobless claims unchanged.** New claims for jobless benefits remained steady last week, bolstering opinions that the labor market continues to strengthen.<sup>8</sup>

**Business inventories rises.** Inventories rose unexpectedly in September, suggesting that third-quarter economic growth data may be revised upward.<sup>9</sup>

**Consumer sentiment rebounds.** After losing confidence in September, U.S. consumers regained their optimism in November for the second straight month, mainly on hopes about a strong domestic economy.<sup>10</sup>

## QUOTE OF THE WEEK



*“Putting off a hard thing makes it impossible.”*

– George Horace Lorimer

## RECIPE OF THE WEEK



### Easy Baked French Toast



*Make this classic brunch treat for a group.*

#### **Ingredients:**

Serves 8

8 large eggs

2 cups half-and-half

1 cup whole milk

2/3 cup maple syrup or honey, plus more for serving

1 teaspoon vanilla extract

1/2 teaspoon ground cinnamon

Kosher salt

1/2 cup pecans, roughly chopped

1 1/2 pounds sourdough, challah, or any hearty white bread, cut into thick slices

Butter, margarine, or baking spray for the dish

2 tablespoons sugar

**Chef's Tip:** Add any of these optional mix-ins to increase the wow factor:

1/2 cup of chocolate chips

1/2 cup of raisins or dried cranberries

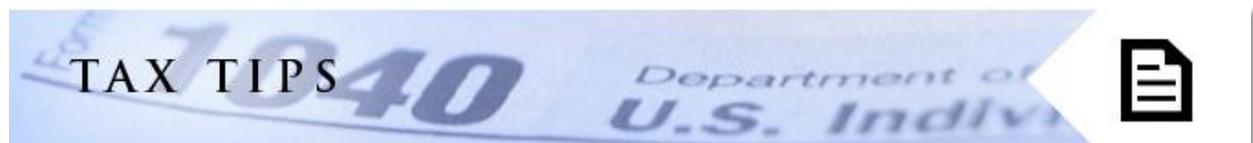
1 tablespoon of grated orange zest

1 tablespoon of cognac or bourbon

**Directions:**

1. Preheat your oven to 350° F. Beat the eggs with the milk, half-and-half, vanilla extract, syrup, cinnamon, and a pinch of salt. Stir in the pecans and any other optional mix-ins.
2. Grease a baking dish and layer the bread slices in an overlapping pattern. Pour the custard liquid on top and allow the bread to soak for 20-30 minutes or overnight.
3. Sprinkle the top with sugar and bake for 35-45 minutes until a toothpick comes out clean. If the top browns too quickly, cover with aluminum foil until the last 5 minutes of baking.
4. Serve warm, passing additional syrup at the table.

Recipe adapted from Chris Morocco | RealSimple.com<sup>11</sup>



**Don't Forget to Report Foreign Income**

U.S. citizens or permanent residents who live abroad or receive income from any foreign sources must report it on their taxes. According to the IRS:

- Any income from foreign employment, rental income, trusts, and bank & security accounts must be reported.
- If you live abroad and can't make the April filing deadline, you may qualify for an automatic two-month filing extension.
- Review the Foreign Earned Income Exclusion, which may qualify you to exclude up to \$100,800 of earned income in 2015.
- Don't overlook any credits or deductions. You may be able to deduct any foreign taxes paid on your income earned abroad.

For more information, speak to your tax advisor or see IRS Publication 54, "Tax Guide for U.S. Citizens and Resident Aliens Abroad."

Tip courtesy of IRS.gov<sup>12</sup>



### Set Up for Great Chipping

Solid contact and a descending blow are critical to a great chipping technique. To set up properly for a chip, start by placing your feet about a clubhead width apart and about a foot away from the ball. Then, take your lead foot and turn it out slightly and place it an inch behind the other foot. Doing so helps you get your weight shifted and your sternum aligned properly.

At the end of your swing, the end of your shoulder, your arm, and the club should all form a straight line. If you find yourself flipping the club outward awkwardly, it means you're either trying to decelerate or fix a bad backswing by accelerating the swing too much.

Tip courtesy of Dale Abraham, PGA | Golf Tips Mag<sup>13</sup>



### Get Headaches? Try These Remedies.

If you get regular headaches and don't want to reach for common painkillers, try these remedies at home:

- **Cut down on your salt intake.** One study found that participants who switched to low-salt diets experienced fewer headaches.
- **Try yoga and meditation.** Though it may sound weird, a study found that migraine sufferers had fewer headaches after trying a mindfulness-based stress reduction program for eight weeks.
- **Lift weights.** Strength training can help you correct the muscle imbalances occurring from poor posture and help reduce tension headaches.

Tip courtesy of Nissa Simon | AARP<sup>14</sup>



## Green Your Next Party

Parties can be a ton of fun, but they can also come with a hefty environmental price tag. Reduce the impact of your next celebration with these tips:

- Avoid plastic or Styrofoam dishware and decorations. Try to find recyclable alternatives instead.
- Reduce and reuse by renting dishware, tablecloths, and other supplies instead of buying disposables.
- Offer transportation options to reduce the number of cars (it will make your neighbors happier!).
- Use locally-sourced flowers and decorations.
- Serve seasonal fare that's grown locally.

Tip courtesy of The Nature Conservancy<sup>15</sup>

### ***Share the Wealth of Knowledge!***

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

*We love being introduced!*

Securities, advisory services, and insurance products are offered through Investment Centers of America, Inc. (ICA), member FINRA, SIPC, a Registered Investment Advisor, and affiliated insurance agencies. ICA and iWealth are separate companies.

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.

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You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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<sup>1</sup> <http://www.cnbc.com/2015/11/13/us-markets.html>

<sup>2</sup> <http://www.cnn.com/2015/11/14/world/paris-attacks/>

<sup>3</sup> <http://www.bbc.com/news/world-middle-east-34805466>

<http://www.cnn.com/2015/11/09/middleeast/russian-plane-crash-egypt-sinai/>

<sup>4</sup> <http://abcnews.go.com/US/wireStory/officials-credible-threats-target-us-paris-attacks-35213823>

<sup>5</sup> <http://www.cnbc.com/2015/11/15/paris-terror-the-potential-aftermath-for-markets.html>

<sup>6</sup> <http://www.foxbusiness.com/economy-policy/2015/11/13/week-ahead-fomc-october-minutes-inflation-data/>

<sup>7</sup> <http://www.foxbusiness.com/economy-policy/2015/11/13/october-retail-sales-risefall-0x/>

<sup>8</sup> <http://www.foxbusiness.com/economy-policy/2015/11/12/weekly-jobless-claims-rosefell-by-x000/>

<sup>9</sup> <http://www.cnbc.com/2015/11/13/september-business-inventories-rise.html>

<sup>10</sup> <http://www.foxbusiness.com/economy-policy/2015/11/13/consumer-sentiment-rebounds-after-october-tumble/>

<sup>11</sup> <http://www.realsimple.com/food-recipes/browse-all-recipes/baked-french-toast-casserole>

<sup>12</sup> <http://www.irs.gov/uac/Newsroom/Tips-for-US-Taxpayers-with-Foreign-Income>

<https://www.irs.gov/Individuals/International-Taxpayers/Foreign-Earned-Income-Exclusion>

<sup>13</sup> [https://www.youtube.com/watch?list=UUPLAYER\\_GolfTipsMag&v=a56FnKrpg1M](https://www.youtube.com/watch?list=UUPLAYER_GolfTipsMag&v=a56FnKrpg1M)

<sup>14</sup> <http://www.aarp.org/health/conditions-treatments/info-2015/headache-relief.html?intcmp=-FLXSLDR-SLIDE1-RL1>

<sup>15</sup> <http://www.nature.org/ourinitiatives/regions/northamerica/unitedstates/mississippi/green-party-ideas-1.xml>