

Stocks fell again for the third week in a row, driven lower by poor earnings reports from some major department store retailers. For the week, the S&P 500 lost 0.51%, the Dow fell 1.16%, the NASDAQ dropped 0.39%, and the MSCI EAFE lost 0.46%.¹

Despite a growing economy and strong labor market, Americans didn't shop as much as retailers expected last quarter, leaving some puzzled over the disconnect. Many retail giants posted dismal earning results for the first quarter. Among the problems: same-store sale declines, falling traffic, and an inability to predict apparel trends.² Even industry insiders aren't sure what's going on, and some say that the retail doldrums are bringing back memories of the last recession. However, economists may have some answers.

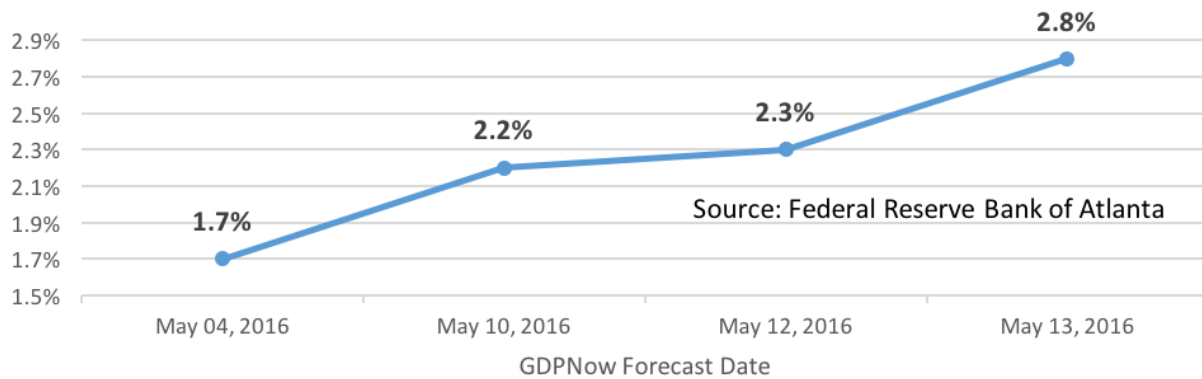
Though consumers are doing much better than they did in the immediate post-recession recovery, some worry lingers, causing people to save more instead of spending. As the cost of housing and healthcare has increased, many Americans also don't have as much discretionary money to spend.³

The good news is that Americans are still spending—just not the same way they did in the past. An increasing number—particularly Millennials—prefer to spend what they have on things like services, dining out, and concerts.⁴ Americans are shifting to online spending, which hurts brick-and-mortar retailers that rely on foot traffic.⁵ While Commerce data shows that overall retail sales grew 3.0% since last April, the category that includes online retailers and shopping apps grew 10.2%.⁶

More current data also paints a more reassuring picture. The most recent report by the Commerce Department shows that monthly retail sales increased 1.3% in April, much higher than the 0.8% increase Wall Street expected.⁷ So-called core spending, a retail sales control category that economists use to estimate underlying consumer spending, grew 0.9%, causing economists to raise their forecasts for second-quarter economic growth.⁸

The chart below shows the most current unofficial forecast of Q2 Gross Domestic Product (GDP) maintained by the Federal Reserve Bank of Atlanta. You can see that the forecast has been revised upward over the last two weeks as new data is released.⁹

GDPNow Q2 GDP Growth
(Seasonally-adjusted annual rate)



So, does the fact that retailers had a bad quarter indicate we're in a recession? Not really. Americans are spending money; they're just changing where and how they spend, and the retail industry needs to adapt to those changing preferences.

Looking ahead, we have some housing and manufacturing data coming out this week as well as minutes from the last Federal Reserve Open Market Committee meeting. While analysts aren't expecting major revelations from the meeting notes, they're hoping for more guidance on when to expect another interest rate increase. While an April survey of economists showed that 75.0% expected a June rate hike, the May survey shows that expectations have split, with 31.4% forecasting a June increase and 31.4% targeting a September increase.¹⁰

ECONOMIC CALENDAR:

Monday: Empire State Mfg. Survey, Housing Market Index, Treasury International Capital

Tuesday: Consumer Price Index, Housing Starts, Industrial Production

Wednesday: EIA Petroleum Status Report, FOMC Minutes

Thursday: Jobless Claims, Philadelphia Fed Business Outlook Survey

Friday: Existing Home Sales

Data as of 5/13/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.51%	0.13%	-2.47%	10.60%	5.85%
DOW	-1.16%	0.63%	-2.91%	7.84%	5.41%
NASDAQ	-0.39%	-5.79%	-5.30%	13.36%	11.03%
U.S. Corporate Bond Index	0.31%	5.60%	5.19%	5.50%	7.78%
International	-0.46%	-4.93%	-15.72%	-1.03%	-1.71%
Data as of 5/13/2016	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.25%	0.38%	0.55%	1.22%	1.71%

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

HEADLINES:

Jobless claims jump to highest level since February 2015. The number of Americans filing new claims for unemployment surged unexpectedly, touching off concerns about a labor market slowdown. However, claims remained below the key 300,000 threshold, suggesting that the jump may be seasonal.¹¹

Job openings near record highs. There were over 5.5 million job openings in March, indicating that employers are keen to hire. The rate of people voluntarily quitting their jobs remained stable at 2.1%, showing workers are still confident of finding new jobs.¹²

U.S. business inventories rise. U.S. businesses increased their stockpiles by the biggest amount since last June, indicating they expect a good summer.¹³

Consumer sentiment rises more than expected. A measure of consumer optimism about the economy jumped far more than expected, indicating that Americans are feeling more upbeat about their prospects despite some uncertainty around the November elections.¹⁴



"Every strike brings me closer to the next home run."

– Babe Ruth



Power Kale-Apple Smoothie Bowl



Smoothie bowls are a great way to add more fiber and nutrition to a smoothie.

Makes 1 smoothie

Ingredients:

- 1 cup chopped organic kale
- 1 cored and chopped organic apple
- 1/2 chopped frozen banana
- 1/4 cup apple juice
- 1 teaspoon chia seeds
- 1 teaspoon ground flax seeds
- 1 peeled and sliced kiwi

Chef's tip: Substitute any organic green like spinach or watercress for kale.

Directions:

1. Put the kale, apple juice, frozen banana, and half the apple in the blender and blend until smooth.
2. Pour the smoothie into a bowl and top with the rest of the chopped apple, the kiwi, chia seeds, and flax seed.
3. Serve immediately.

Recipe adapted from Grace Elkus | RealSimple.com¹⁵



Need to Amend Your Return? Here's How.

If you discover that you've made an error on your tax return, you may need to file an amended return. Though you don't need to file if you've made a simple math error or left out forms (the IRS corrects for those automatically), you should file an amended return for any missed credits, deductions, filing status, or income.

- Use form 1040X to file an amended return. You'll need to fill out a paper form and mail it to the IRS.
- You'll need to use separate forms for each year you need to amend.
- If you use any other forms or need to submit new documentation, attach them to the 1040X form.
- If you need to claim an additional refund, wait until you receive your original refund before filing an amended return.
- Pay any additional tax you owe as soon as possible to avoid accruing additional interest and penalties.

Tip courtesy of IRS.gov¹⁶



When Putting, Think Balance

Did you know that where your feet are pointed doesn't matter when you putt? As long as the ball is going in the right direction (toward the hole), the angle of your feet doesn't matter.

What does matter is your balance and posture. Ideally, you want your eyes to be directly on top of the ball or just outside of it. You also want your knees to be slightly flexed and to feel your feet and toes flat on the ground and balanced. Your swing should be stable and shouldn't swing too far out or too close to your body. Your arms should be slightly bent and your forearms should be even with each other and parallel to the target line.

Tip courtesy of Brady Riggs, PGA | Golf Tips Mag¹⁷



Foods Rich in Vitamin C May Lower Cataract Risk

A new study found that the risk of developing eye-clouding cataracts can be reduced by a diet rich in vitamin C. Diet is key since researchers found that supplements didn't yield the same health benefit. While it's not possible to completely avoid cataracts with age, diet may help delay their onset. Here are some Vitamin C rich foods that you can easily add to your diet:

- Oranges and citrus fruits
- Red and green bell peppers
- Broccoli
- Strawberries
- Kiwifruits

Tip courtesy of AARP¹⁸



Join the Freecycle Network

Have old stuff to get rid off? Try freecycling it instead of putting it in the trash. The Freecycle Network is a grassroots movement dedicated to building a worldwide gifting movement that reduces waste, saves resources, and builds stronger communities.

Every day, network members list items online that they're hoping to get rid of or receive. Depending on the size and activity level of your local group, you may be able to find or get rid of old computers, furniture, books, baby items, and lots more. By gifting your unwanted household items, you're giving them a new life while reducing waste. To find a group in your area, visit www.freecycle.org.

Tip courtesy of AARP¹⁹

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 S&P U.S. Investment Grade Corporate Bond Index contains U.S.- and foreign-issued investment-grade corporate bonds denominated in U.S. dollars.

The SPUSCIG launched on April 09, 2013. All information for an index prior to its Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

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=04&b=9&c=2016&d=04&e=13&f=2016&g=d>

<http://finance.yahoo.com/q/hp?a=04&b=9&c=2016&d=04&e=13&f=2016&g=d&s=%5EDJI%2C+&q=1>

<http://finance.yahoo.com/q/hp?a=04&b=9&c=2016&d=04&e=13&f=2016&g=d&s=%5EIXIC%2C+&q=1>

<https://www.msci.com/end-of-day-data-search>

² <http://www.cnbc.com/2016/05/12/retailers-ringing-the-recession-alarm.html>

³ <http://www.cnbc.com/2016/05/12/retailers-ringing-the-recession-alarm.html>

⁴ <http://www.cnbc.com/2016/05/12/retailers-ringing-the-recession-alarm.html>

⁵ <http://www.foxbusiness.com/markets/2016/05/13/shipped-shoppers-ditch-physical-stores-for-online.html>

⁶

<http://www.census.gov/econ/currentdata/dbsearch?program=MARTS&startYear=2015&endYear=2016&categories%5B%5D=44X72&categories%5B%5D=454&dataType=SM&geoLevel=US&adjusted=1&submit=GET+DATA&releaseScheduleId=>

⁷ <http://www.foxbusiness.com/markets/2016/05/13/shipped-shoppers-ditch-physical-stores-for-online.html>

⁸ <http://www.businessinsider.com/retail-sales-april-2016-2016-5>

⁹ <https://www.frbatlanta.org/-/media/Documents/cqer/researchcq/gdpnow/GDPTackingModelDataAndForecasts.xlsx>

¹⁰ <http://projects.wsj.com/econforecast/#qa=20160501001&e=1462995269111>

<http://projects.wsj.com/econforecast/#qa=20160401001&e=1459972946895>

¹¹ <http://www.foxbusiness.com/markets/2016/05/12/weekly-jobless-claims-jump-by-20000.html>

¹² <http://www.businessinsider.com/jolts-job-openings-labor-turnover-may-10-2016-5>

¹³ <http://www.foxnews.com/us/2016/05/13/us-businesses-increase-stockpiles-sales-in-march.html>

¹⁴ <http://www.cnbc.com/2016/05/13/university-of-michigan-reports-preliminary-consumer-sentiment-for-may-2016.html>

¹⁵ <http://www.realsimple.com/food-recipes/browse-all-recipes/smoothie-bowl-recipes>

¹⁶ <http://www.irs.gov/uac/Tips-for-Filing-an-Amended-Return>

[https://www.irs.gov/Filing/Individuals/Amended>Returns-\(Form-1040-X\)/Amended-Return-1040X-Tips](https://www.irs.gov/Filing/Individuals/Amended>Returns-(Form-1040-X)/Amended-Return-1040X-Tips)

¹⁷ <http://www.golftipsmag.com/video/putting/feet-dont-matter/>

¹⁸ <http://www.aarp.org/health/healthy-living/info-2016/foods-rich-in-vitamin-c-may-reduce-cataract-risk.html?intcmp=HEALTH#slide1>

¹⁹ http://www.aarp.org/money/budgeting-saving/info-11-2009/freecycle_network.html