
NASDAQ Posts Eighth Week of Gains

Weekly Update – August 22, 2016

The S&P 500 and Dow ended last week slightly lower, but the NASDAQ posted an eighth straight week of gains for the first time since 2010.¹ For the week, the S&P 500 lost 0.01%, the Dow fell 0.13%, the NASDAQ gained 0.10%, and the MSCI EAFE lost 0.64%.²

What is the Fed thinking? Minutes from the July Federal Reserve Open Market Committee meeting showed that officials are split about the economic outlook and when to raise interest rates. Hawkish rhetoric from Fed members who favor a rate hike soon could push the central bank into raising rates as early as September. More dovish officials aren't convinced that tepid inflation will rise to the Fed's 2.0% objective and favor a wait-and-see approach to raising interest rates.³

After several months of strong labor market gains, some economists think the economy is close to full employment and central bankers should move soon to put on the brakes by raising interest rates. If the economy gets overheated, prices could rise too much and push the economy into a boom/bust cycle that federal officials are anxious to avoid.

While a few years of outsized growth might sound nice after the years of slow expansion we've experienced, the economic hangover that might follow wouldn't be pleasant at all. That's why central banks like the Fed act to smooth out these economic cycles by lowering interest rates when times are tough (boosting investment through cheap credit) and raising them when growth picks up again (curbing excessive optimism by making credit more expensive).

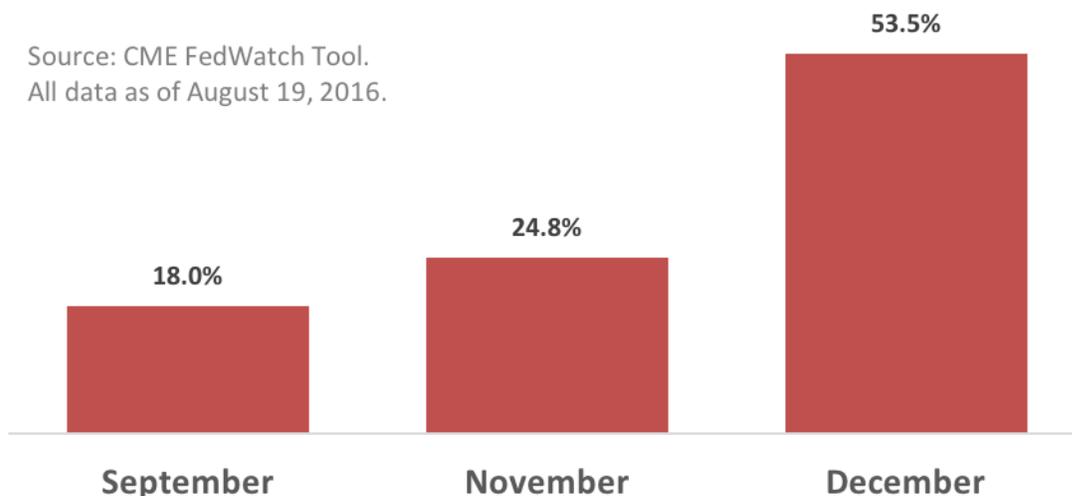
The timing of rate increases is tricky, and the macroeconomic relationships that govern these decisions are complex and open to interpretation. Hence why some of the best economists in the world can't agree on when to pull the trigger.

Which group will win out at the Fed? Since the Fed has been reluctant to jump the gun on interest rates, we don't see a rate hike coming next month. However, the Fed might decide to surprise us.

Currently, Wall Street traders judge the odds of a September hike at just 18.0%. However, traders think the Fed is likely to raise interest rates in 2016, judging by December's rate probabilities.⁴ Will the Fed move soon? We'll keep you informed.

Wall Street Probability of Higher Rates at Future FOMC Meetings

Source: CME FedWatch Tool.
All data as of August 19, 2016.



This week is packed with economic data that will show us how the housing and manufacturing sectors are doing. We'll also get a second look at second-quarter economic growth in Friday's Gross Domestic Product report. Stay tuned for next week's update.

ECONOMIC CALENDAR:

Tuesday: New Home Sales

Wednesday: PMI Manufacturing Index Flash, Existing Home Sales, EIA Petroleum Status Report

Thursday: Durable Goods Orders, Jobless Claims

Friday: GDP, International Trade in Goods, Corporate Profits, PMI Services Flash, Consumer Sentiment

Data as of 8/19/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.01%	6.85%	5.01%	18.88%	6.77%
DOW	-0.13%	6.47%	6.94%	14.30%	6.30%
NASDAQ	0.10%	4.61%	4.37%	24.74%	14.21%
U.S. Corporate Bond Index	-0.10%	8.58%	8.12%	5.32%	7.77%
International	-0.64%	-0.96%	-6.16%	3.28%	-1.00%
Data as of 8/19/2016	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.27%	0.44%	0.59%	1.17%	1.58%

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:

Inflation remains flat. Consumer prices remained unchanged in July as gasoline prices fell for the first time in months. Modest inflation may reduce the chances of future interest rate increases by the Fed.⁵

Housing starts surge to five-month high. Groundbreaking on new residential projects rose in July, potentially boosting second-quarter economic growth numbers.⁶

Weekly jobless claims fall. The number of Americans filing new claims for unemployment benefits dropped last week, suggesting the labor market continues to strengthen and approach full employment.⁷

Industrial production rises more than expected. A measure of industrial sector production (including hard industries like mining, manufacturing, and utilities) increased by 0.7% versus the 0.3% rise expected.⁸



"Every child is an artist. The problem is how to remain an artist once he grows up."

–Pablo Picasso



Roasted Squash with Shallots



This delicious dish also tastes great at room temperature, making it easy to prepare in advance.

Serves 8

Ingredients:

3 small butternut squash (about 2 pounds each)
8 shallots, cut into wedges
4 tablespoons olive oil
Kosher salt and black pepper
1 cup apple cider
1 tablespoon cider vinegar
1 tablespoon whole-grain or Dijon mustard
1/4 cup fresh flat-leaf parsley, chopped
2 tablespoons of fresh thyme, minced

Directions:

1. Preheat your oven to 375°F.
2. Peel the butternut squash by slicing off the top and bottom and stripping the skin with a vegetable peeler. If the squash becomes slippery, use a clean kitchen towel to avoid losing your grip. Slice each peeled squash vertically in two. Scoop out the seeds and cut each half into 1/2 inch slices.
3. Toss the squash and shallots in a large bowl with 2 tablespoons of olive oil, a pinch of salt, and a pinch of pepper. Spread the mixture in a single layer on two baking sheets.
4. Roast for 50 minutes to an hour until tender and browned, rotating the sheets halfway through.
5. While the squash is roasting, bring the cider to boil in a small saucepan over medium heat and reduce it to about 1/4 cup. Let the cider cool and then rapidly whisk in the mustard, vinegar, parsley, and remaining oil. Whisk vigorously to allow the ingredients to emulsify. Add a pinch of salt and pepper to taste.
6. When the squash is tender, transfer it to a serving dish. Toss it with the vinaigrette and top with the thyme just before serving.

Recipe adapted from Kate Merker | RealSimple.com⁹



Back-to-College Tax Tips

If you, your spouse, or a dependent is heading off to college, there are some important tax-saving tips you should know about. Here's what the IRS says:

- You can claim only one type of education credit per student on your tax return each year. If you have multiple eligible students, you could claim a different credit for each student.

- To qualify, education expenses must be for tuition, fees, and “related expenses” for an eligible student. Expenses must be paid for attendance at eligible higher education institutions, including most colleges and universities. Ask the school whether they are an eligible institution or check the school’s accreditation status in the U.S. Department of Education’s Accreditation Database.
- **The American Opportunity Tax Credit:** The AOTC is worth up to \$2,500 per year, per eligible student. You may claim this credit only for the first four years of higher education. 40% of the AOTC is refundable, which means if you are eligible, you can get up to \$1,000 of the credit as a refund, even if you do not owe any taxes.
- **The Lifetime Learning Credit:** The LLC is worth up to \$2,000 on your tax return. There is no limit on the number of years that you can claim the LLC for an eligible student.

For more information about education tax credits and other college-related tax issues, consult a qualified tax expert or check out Publication 970, “Tax Benefits for Education,” on IRS.gov.

Tip courtesy of IRS.gov¹⁰



Keep Your Head Steady for Better Putting

According to a pro instructor, averaging fewer than 30 putts per round puts you at the top of your short game. If you’re having trouble getting there, you might be making the mistake of “steering” your putts with your eyes, instead of keeping your body square and your head still during the shot. Practice staying in posture during your putts instead of opening yourself up as you do when making other shots.

Tip courtesy of Paige MacKenzie, LPGA | Golf Tips Mag¹¹



Take Control of Your Blood Pressure

Two recent studies have found that patients who were able to monitor their own blood pressure at home had better health results after one year than those who only relied on doctor’s visits. Under a doctor’s guidance, consider the following home remedies to lower blood pressure:

- Drinking hibiscus tea has been found to lower blood pressure. A Tufts University research team discovered that participants who drank three cups of tea per day had significantly lower blood pressure than the control group.
- Check sodium levels when eating out. Restaurant meals can contain very high levels of sodium, so be sure to ask the kitchen for recommendations for a low-sodium diet.
- High-cocoa dark chocolate—specifically in the 50%-70% cocoa range—can help lower blood pressure. Just a square a day was found by a Harvard Medical School study to particularly benefit patients with hypertension.

Tip courtesy of AARP¹²



Green Up Your BBQ

Backyard barbecues are a wonderful way to enjoy the weather and change up the dinner party scene. Here are a few ways to keep your next grillout green and waste-free:

- Use greener fuel options. Whenever possible, stick to propane or cleaner-burning natural lump charcoal. Briquettes are full of additives and petroleum products that come with a hefty carbon footprint.
- Use locally raised vegetables and meats. Consider heading to your local farmer's market or grocery to find local options and reduce the distance your food has to travel to your plate.
- Forget disposable dishes. While picnics and barbecues can seem like a great excuse to skip dish duty, disposables add a lot of waste to your local landfill. If you won't part from one-use dishware, consider using a brand made from recycled or low-impact materials.

Tip courtesy of The Nature Conservancy¹³

Share the Wealth of Knowledge!

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

We love being introduced!

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Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

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 indices 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.

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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://www.cnbc.com/2016/08/19/us-markets.html>

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

³ <http://www.usnews.com/news/articles/2016-08-17/fed-minutes-show-rate-hike-momentum-as-september-meeting-looms>

⁴ <http://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html> Accessed August 19, 2016.

⁵ <http://www.foxbusiness.com/markets/2016/08/16/consumer-prices-were-unchanged-in-july.html>

⁶ <http://www.foxbusiness.com/markets/2016/08/16/july-housing-starts-rose-2-1-in-july.html>

⁷ <http://www.foxbusiness.com/markets/2016/08/18/weekly-jobless-claims-fall-by-4000.html>

⁸ <http://www.cnn.com/2016/08/16/us-industrial-production-july-2016.html>

⁹ <http://www.realsimple.com/food-recipes/browse-all-recipes/roasted-butternut-squash-with-mustard-vinaigrette>

¹⁰ <http://www.irs.gov/uac/Back-to-School-Education-Tax-Credits>

<https://www.irs.gov/individuals/lc>

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¹¹ <http://www.golftipsmag.com/instruction/short-game/quick-tips/keep-a-steady-head-best-of-2014.html#.VAL-ELySxsl>

¹² <http://blog.aarp.org/2014/08/29/7-ways-to-lower-your-blood-pressure-naturally/>

¹³ <http://www.nature.org/greenliving/gogreen/everydayenvironmentalist/green-your-summer-bbq.xml>