

In the last full trading week of 2016, domestic markets were relatively quiet, with many people out of the office for the holidays. Nonetheless, all three major domestic indexes ended the week in positive territory. The S&P 500 was up 0.25%, the Dow gained 0.46%, and the NASDAQ added 0.47%.¹ International equities in the MSCI EAFE were also up, increasing by 0.36%.² The Dow continued to flirt with surpassing the 20,000 mark for the first time—reaching within fewer than 13 points at its highest trading point on Wednesday, December 20—before closing at 19,933.81 for the week.³

Outside of the markets, we received a number of reports that painted a mostly positive view of the U.S. economy.

Good News

- **GDP revised up again:** For its final report on economic growth in the third quarter, the Commerce Department adjusted the GDP up for the second time—to a 3.5% annual rate. This analysis shows the fastest economic growth in two years.⁴
- **Consumer sentiment hits nearly 13-year high:** The monthly index measuring consumers' views on the current and future state of the economy increased by 4.7 points to reach 98.2 for December. This reading is the highest since January 2004.⁵
- **New home sales beat expectations:** Economists predicted that new home sales for November would increase by 2.1%, but last week's data showed the increase was in fact 5.2%. Consumers anticipating higher interest rates in the future could be contributing to the expectation-beating results.⁶

Mixed News

- **Personal incomes stayed flat:** Despite economists' predictions that personal incomes would increase by 0.3% in November, the Bureau of Economic Analysis' data showed them flatten.⁷ Even with last month's stagnation, personal incomes are up 3.5% for the year.⁸
- **Durable goods orders declined:** After increasing by 4.8% in October, durable goods orders dropped by 4.6% in November—due largely to a 73.5% decrease in civilian aircraft orders.⁹ While no one likes to see a decrease, the report had

several positive highlights, including an unexpectedly high increase in orders for U.S.-made capital goods.

Overall, even though last week was fairly slow for trading, we continue to see signs that the economy is improving—even if it is still far from perfect. We look forward to discovering what 2017 holds for investors and hope for more record highs and an economy that picks up speed as time goes on.

ECONOMIC CALENDAR:

Monday: Markets Closed in Observance of Christmas Holiday

Tuesday: Consumer Confidence

Wednesday: Pending Home Sales Index

Friday: Bond Market Closes at 2 p.m. ET

Data as of 12/23/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	0.25%	10.76%	9.66%	15.78%	6.05%
DOW	0.46%	14.40%	13.24%	12.43%	6.15%
NASDAQ	0.47%	9.09%	8.26%	21.72%	12.75%
U.S. Corporate Bond Index	0.58%	4.83%	4.85%	4.35%	6.60%
International	0.36%	-2.43%	-2.12%	3.62%	-2.03%
Data as 12/23/2016	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.42%	0.65%	0.87%	2.04%	2.55%

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.



“To accomplish great things, we must not only act, but also dream; not only plan, but also believe.”

– Anatole France

Cinnamon Sugar Doughnuts



These delicious doughnuts are made easy with refrigerated biscuit dough.

Serves 8

Ingredients:

- ¾ cup vegetable oil
- 1 8-count package large refrigerated biscuits (such as Pillsbury Grands)
- ½ cup sugar
- ¼ teaspoon ground cinnamon

Directions:

1. Heat ½ cup of the oil in a medium skillet over medium-low heat.
2. Place the biscuits on a cutting board. Using a 1-inch round cookie cutter or shot glass, cut a hole in the center of each biscuit, reserving the extra dough for "holes."
3. Test the oil's heat by dipping the edge of a doughnut in the pan. When the oil is hot enough, the edge will bubble. Place 4 of the doughnuts and holes in the skillet and cook until golden brown, 1 to 1½ minutes per side. Transfer to a wire rack or a plate lined with a paper towel to drain. Add the remaining oil to the skillet, reheat, and cook the remaining doughnuts and holes.
4. In a large bowl, combine the sugar and cinnamon. Gently toss the warm doughnuts in the mixture a few at a time. Serve warm or at room temperature.

Recipe adapted from RealSimple.com¹⁰



Understanding Gift Tax Exclusions

According to the IRS, a gift must be given with no expectation of receiving anything of equal value in return. Gifts can be cash, property, interest-free loans, payments made to a third party (like a school or hospital) on behalf of the recipient, below-market rate sales, and other types of property transfers. Generally, gifts that meet the following requirements are not taxable:

- Gifts that are less than the annual exclusion amount for the year (\$14,000 in 2016 and 2017)
- Tuition or medical expenses
- Gifts to your spouse
- Gifts to qualified charities and certain political organizations

For more information about gifting and end-of-year tax issues, please contact a qualified tax professional.

Tip courtesy of IRS.gov¹¹

GOLF TIP



Boost Your Smash Factor

The efficiency with which you translate clubhead speed into your golf ball is known as smash factor—so named because of the ball's deformation as you strike it. Technically, smash factor is ball speed divided by club speed. The higher your smash factor, the better you will hit longer shots.

- **Get your club professionally fitted.** Your club shaft should flex at the optimal point midway through the swing to snap the ball into the air. Since everyone's swing is different, a professional fitting can help match the club shaft to the quirks in your swing.
- **Speed up your wrists.** Your wrists generate more than two-thirds of the clubhead's velocity. Speeding up your wrists will do a lot to improve the speed of the swing. A simple drill you can follow is to grip your club right next to the clubhead and swing it one-handedly upside down. Listen for the club's rushing sound whipping through the air, which should come at your swing's

lowest point. Repeat the drill with both hands, focusing on increasing the speed at the bottom of the swing.

Tip courtesy of Zach Allen | Golf Tips Mag¹²



Longer Life with Omega-3s

Fat is good! At least Omega-3 fatty acids are, and recent research shows that they can increase life span. Eating foods with high levels of Omega-3 fatty acids such as salmon, flaxseed, walnuts, and dark leafy vegetables may also protect against depression, dementia, cancer, and arthritis.

Tip courtesy of OnHealth¹³



Protect Plants from Cold Weather with Plastic Bottles

Cold weather can kill delicate seedlings, even if it's just an overnight drop in temperature. Instead of using expensive glass cloches or giving up on your garden, reuse clean plastic soda bottles as mini greenhouses. Here's how:

- Collect milk jugs, two-liter bottles, plastic cat litter jugs, and small water bottles.
- Rinse them clean, and cut the bottom off with a utility knife. Match the bottle size to the plant you need to cover, making sure the leaves don't touch the sides of the bottle.
- Cover the plant and push the edges of the bottle about an inch into the soil.
- Cover the seedlings at least an hour before sunset to give the air inside the bottle time to warm.

Tip courtesy of SFGate¹⁴

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.

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.

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/quote/%5EGSPC/history?period1=1481864400&period2=1482469200&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EDJI/history?period1=1481864400&period2=1482469200&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EIXIC/history?period1=1481864400&period2=1482469200&interval=1d&filter=history&frequency=1d>

² <https://www.msci.com/end-of-day-data-search>

³ <http://finance.yahoo.com/quote/%5EDJI/history?period1=1481864400&period2=1482469200&interval=1d&filter=history&frequency=1d>

⁴ <http://www.ftportfolios.com/Commentary/EconomicResearch/2016/12/22/real-gdp-growth-in-q3-was-revised-to-a-3.5percent-annual-rate>

⁵ <http://www.nasdaq.com/article/us-consumer-sentiment-rises-to-highest-level-in-12-years-20161223-00277>

⁶ <http://www.cnn.com/2016/12/23/new-home-sales-reported-for-november-2016.html>

⁷ <http://www.marketwatch.com/story/consumers-slam-on-the-brakes-as-personal-incomes-lose-steam-in-november-2016-12-22>

⁸ <http://www.ftportfolios.com/Commentary/EconomicResearch/2016/12/22/personal-income-was-unchanged-in-november>

⁹ <http://www.cnn.com/2016/12/22/us-durable-goods-orders-nov-2016.html>

¹⁰ <http://www.realsimple.com/food-recipes/browse-all-recipes/easy-doughnuts>

¹¹ <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Frequently-Asked-Questions-on-Gift-Taxes>

¹² <http://www.golftipsmag.com/instruction/driving/lessons/increase-your-smash-factor.html?start=2#.VJcJfsAAHM>

¹³ http://www.onhealth.com/content/1/omega_3_foods

¹⁴ <http://homeguides.sfgate.com/cover-plants-plastic-bottles-32572.html>