

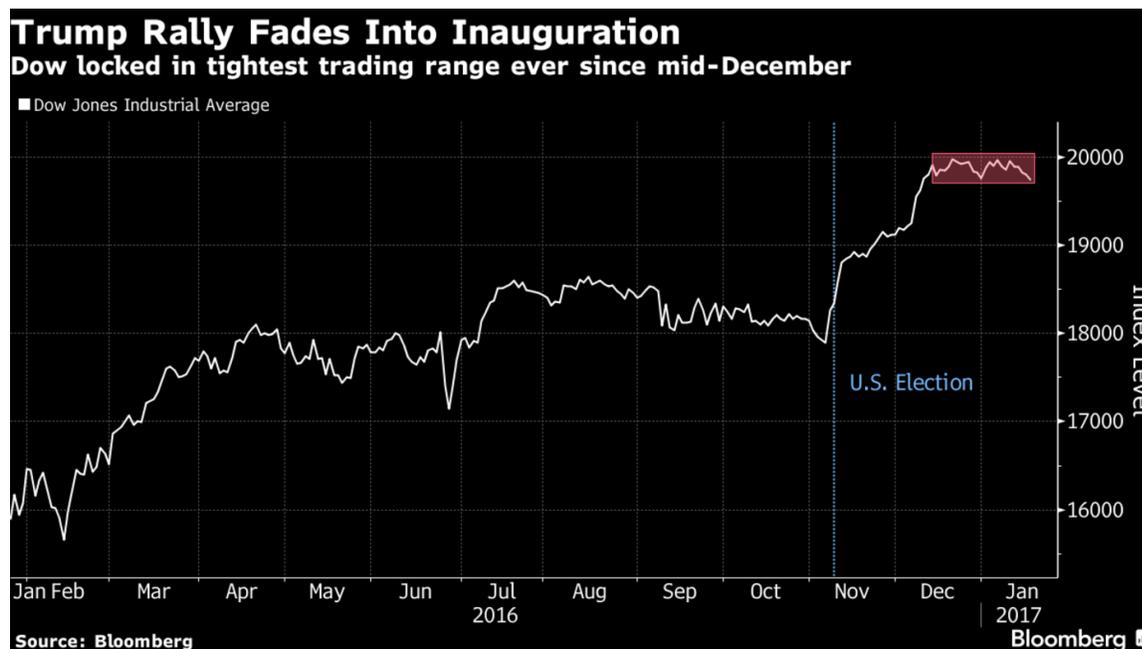
Markets Pause in Search for Clarity

Weekly Update – January 23, 2017

A new presidential era began last Friday with Donald Trump's inauguration, and the market reaction was far more restrained than its response to his election. For weeks after the presidential election, we saw markets defy expectations and post significant gains. In fact, the Dow grew by over 1,500 points between November 8 and December 12.¹

In the four days of trading last week, major U.S. indexes continued the sideways performance we've seen since December. For the week, the S&P 500 was down 0.15%, the Dow lost 0.29%, and the NASDAQ gave back 0.34%.² International stocks in the MSCI EAFE also declined by 0.48%.³

Despite these weekly losses, Friday's market performance marked one milestone not seen since John F. Kennedy's election: index gains on inauguration day.⁴ Nonetheless, we still see a market that has been in a holding pattern for weeks. The S&P 500 has barely moved since the day before the Fed raised rates on December 14.⁵ And if you analyze this graph of the Dow's performance, you see a similar scenario. The index grew sharply after the election, but the red box shows performance stalling since December.



Why has the Trump Bump paused?

The markets are incredibly complex and multifaceted, so one answer cannot fully explain their performance. However, after rallying in anticipation of Trump's promises for lower taxes, decreased regulation, and increased government spending, investors are now waiting to see which policies will come to fruition.⁶ No one knows for sure what policy changes or political developments lay ahead. We must look closely at fundamentals to see beyond the headlines and find a clearer view of where the U.S. economy stands today.

What are the fundamentals telling us?

During the current corporate earnings season, 63 companies have reported their fourth-quarter results so far. Of these companies, 63% beat earnings-per-share estimates and 46% exceeded their sales estimates.⁷

Last week, we also saw:

- The Consumer Price Index increase by 0.3% for December⁸
- Industrial production increase by 0.8% for December, erasing its November decline⁹
- Housing starts rebound by 11.3% for December after dropping 39.4% in November¹⁰

This week, three factors will give us a deeper view of economic performance: 1) fourth-quarter GDP reports, 2) consumer sentiment data, and 3) home sales figures. By analyzing data rather than focusing on hype and predictions, we remain committed to your long-term financial health.

What should you focus on?

No matter your political perspectives, moments of change can elicit emotional reactions from even the most rational investors. As always, emotions have no place in investing.

Consider this: After former-President Barack Obama's election in 2008, the S&P 500 dropped 15.5% by inauguration day, as his transition period coincided with the deepening financial crisis.¹¹ Investors who allowed emotions to take over at that point and left the markets could have missed the S&P 500's 12% average annual growth each year Obama was in office.¹²

We believe now is the time to continue focusing on your unique risk tolerance, your long-term goals, and the economic fundamentals, not who is in office.

We will continue to monitor economic and market evolution as it occurs, and we will closely watch the political division that seems to grip our country. In the meantime, we are here to answer any questions you may have and help you find the clarity you need.

ECONOMIC CALENDAR:

Tuesday: Existing Home Sales

Thursday: New Home Sales, International Trade in Goods

Friday: GDP, Durable Goods Orders, Consumer Sentiment

Data as of 1/20/2017	1-Week	Since 1/1/17	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.15%	1.45%	22.16%	14.53%	5.88%
DOW	-0.29%	0.33%	25.75%	11.17%	5.78%
NASDAQ	-0.34%	3.20%	24.23%	19.87%	12.66%
U.S. Corporate Bond Index	-0.39%	0.16%	5.18%	4.21%	6.77%
International	-0.48%	2.11%	13.29%	3.16%	-1.90%
Data as of 1/20/2017	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.46%	0.62%	0.82%	1.95%	2.48%

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.



“Concentrate all your thoughts upon the work at hand. The sun’s rays do not burn until brought to a focus.”

– Alexander Graham Bell



Chocolate Banana Bread Pudding



Treat yourself with a dessert pudding served warm or cold!

Serves 8

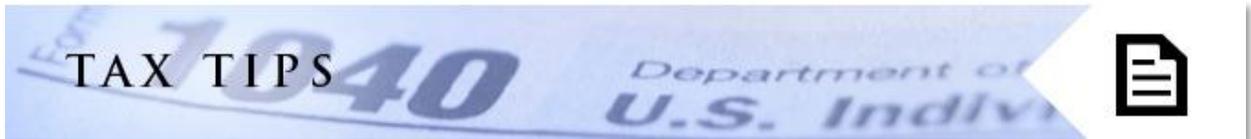
Ingredients:

4 eggs
2 cups milk
1 cup white sugar
1 tablespoon vanilla extract
4 cups French bread, cubed
2 bananas, sliced
1 cup semisweet chocolate chips

Directions:

1. Preheat oven to 350°F.
2. Grease a 9x5-inch loaf pan. Have a roasting pan on hand as well.
3. Use a large bowl to mix eggs, milk, sugar, and vanilla until smooth.
4. Stir in the bread cubes, bananas, and chocolate chips. Let the mixture sit for 5 minutes so the bread soaks.
5. Pour soaked-bread mixture into the prepared loaf pan.
6. Line roasting pan with a damp kitchen towel (not a paper towel).
7. Place loaf pan on towel inside roasting pan.
8. Fill roasting pan with water, reaching halfway up the sides of the loaf pan.
9. Place on oven rack.
10. Bake in oven for 1 hour or until an inserted knife comes out clean.

Recipe adapted from AllRecipes.com¹³



Keep Informed With IRS Online & Social Media Tax Help

Navigating the confusing world of taxes can leave one spinning circles. Fortunately, the IRS has resources available across its online and social media presence. For answers to tax questions, consider checking out the IRS through some of these channels:

Social Media

Twitter: The IRS tweets tax tips in English and Spanish through different Twitter accounts. Follow these IRS handles: [@IRSnews](#), [@IRStaxpros](#) and [@IRSenEspañol](#). Follow the IRS Taxpayer Advocate Service at [@YourVoiceAtIRS](#).

Facebook: Whether you need help as a taxpayer or tax return preparer, you can keep up with the IRS Facebook accounts to find helpful tips. Follow [@IRS](#) for taxpayers, [@IRSTaxPros](#) for tax preparers, and [@YourVoiceAtIRS](#) for the Taxpayer Advocate Service.

Articles & Videos

Tumblr: The [IRS publishes a Tumblr blog](#) that provides readers with the latest tax news, accessible from a smartphone, tablet, or computer. Follow them for updated information.

YouTube: You can follow the IRS on their [YouTube channel](#) where they provide short videos on a variety of tax topics. You can view the videos in English, Spanish, and American Sign Language.

The IRS only uses social media channels to share public information and will not answer personal tax or account questions. Remember to never post your Social Security number or any other personally identifying information on its social media sites.

Tip courtesy of IRS.gov¹⁴



Fix Your Putting Alignment

A good putting game is critical and can mean the difference between birdies and bogeys. However, many golfers struggle with improper alignment and compensate by cutting across the ball when coming through for contact.

Unfortunately, the cut-across move does nothing but mess up your play—and you pay the price in extra strokes. This technique causes the ball to roll with sidespin, which

makes sinking putts much harder. Good contact and accurate shots require a square putter face at impact.

To support this move, you should feel like you're hitting draws with your putter. Through impact, the putter will track from slightly inside the line to straight along it. You can practice this putt by doing the following:

1. Lay down alignment sticks (or golf clubs) slightly wider than the width of your putter head and aimed at the hole around six feet away.
2. To allow for an in-to-out stroke path, place the front end of the stick furthest away from you at the ball, and the back end of the stick closer to you at the ball with the front end pointing at the hole.
3. Hit putts from this station without bumping into either alignment rod to groove an inside-to-straight stroke.

Tip courtesy of Darren May | Golf Digest¹⁵



Avoid Getting Sick With Proper Food Handling

The winter season is a common time for coming down with the cold, flu, and other sicknesses. An additional way you can find yourself under the weather is from improperly handling your food. While most food-borne infections don't become life-threatening illnesses, some can turn into serious medical problems, such as kidney failure and meningitis. You can decrease your chances of introducing new microbes at home and increase your ability to kill microbes in the foods you buy with these simple tips:

Personal Care

- Wash your hands with soap and water both before and after handling any raw meat.

Food Care

- Rinse all meat, poultry, fish, fruits, and vegetables under running water before cooking or serving them.
- Separate raw foods from any cooked foods; never let them cross-contaminate.

Cooking Care

- Do not leave foods out on a counter, table, or other open space to defrost. Only defrost foods in the refrigerator or in the microwave.
- Wash all utensils and cutting boards used to prepare raw meat before reusing them.
- Cook foods thoroughly and test temperatures with a meat thermometer. Cook whole poultry to 180° F, roasts and steaks to 145° F, ground meats to 160° F, and fish until it is opaque.

Tip courtesy of Harvard Health¹⁶



Make Your Own All-Purpose Cleaner

The household cleaners we buy on the market often have unrecognizable and abrasive chemicals in them. You can minimize the amount of chemicals you interact with in your daily cleaning routines—and also reduce your expenses—by making your own household cleaners. Most of the ingredients are usually from natural resources and items you already have in your house. Here's one recipe for an all-purpose cleaner that is easy to make and can help support your green living.

All-Purpose Cleaner and Deodorizer

Use with: kitchen appliances, counters, inside refrigerators

Ingredients:

4 tablespoons baking soda
1 quart warm water

Directions:

1. Combine ingredients into a bowl or glassware with lid for storing later.
2. Pour solution on clean sponge or cloth.
3. Wipe clean.

Tip courtesy of GoodHousekeeping.com¹⁷

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://fortune.com/2016/12/15/donald-trump-dow-20000-rally-not-huge/>

²

<http://finance.yahoo.com/quote/%5EGSPC/history?period1=1484283600&period2=1484888400&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EDJI/history?period1=1484283600&period2=1484888400&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EIXIC/history?period1=1484283600&period2=1484888400&interval=1d&filter=history&frequency=1d>

³ <https://www.msci.com/end-of-day-data-search>

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- ⁴ <http://finance.yahoo.com/news/futures-rise-ahead-trumps-inauguration-125659673.html>
- ⁵ <https://www.bloomberg.com/news/articles/2017-01-19/stocks-in-asia-signal-caution-ahead-of-china-data-markets-wrap>
- ⁶ <http://www.cnbc.com/2017/01/20/us-markets.html>
- ⁷ http://www.pacificglobal.us/wp-content/uploads/2017/01/Pacific-Global_WeeklyRecap_Jan20.17.pdf
- ⁸ <http://www.ftportfolios.com/Commentary/EconomicResearch/2017/1/18/the-consumer-price-index-increased-0.3percent-in-december>
- ⁹ <http://www.ftportfolios.com/Commentary/EconomicResearch/2017/1/18/industrial-production-increased-0.8percent-in-december>
- ¹⁰ <http://www.ftportfolios.com/Commentary/EconomicResearch/2017/1/19/housing-starts-increased-11.3percent-in-december>
- ¹¹ <http://finance.yahoo.com/news/futures-rise-ahead-trumps-inauguration-125659673.html>
- ¹² <http://fortune.com/2017/01/20/thanksobama-heres-how-stocks-did-during-obamas-presidency/>
- ¹³ <http://allrecipes.com/recipe/24943/chocolate-banana-bread-pudding/>
- ¹⁴ <https://www.irs.gov/uac/get-tax-help-with-social-media>
- ¹⁵ <http://www.golfdigest.com/story/the-putting-alignment-mistake-youre-making-and-how-to-fix-it>
- ¹⁶ <http://www.health.harvard.edu/how-to-prevent-infections>
- ¹⁷ <http://www.goodhousekeeping.com/home/cleaning/tips/a24885/make-at-home-cleaners/>