
Volatility Returns to Markets

Weekly Update – May 22, 2017

Early last week, both the S&P and NASDAQ recorded all time highs before tumbling along with the Dow as political concerns rose.¹ By Friday, though, the markets had largely rebounded and steadied. The S&P 500 closed the week down 0.38%, the Dow saw a 0.44% loss, and the NASDAQ reported a 0.61% decline.² The MSCI EAFE reported up 0.79% for the week.³

The CBOE VIX is designed to measure market volatility by using S&P 500 put and call index option prices.⁴ For most of the year, volatility in the markets has been low. However, the CBOE Volatility Index (VIX) spiked 40% midweek before falling back by week's end, indicating a possible increase in market volatility.⁵

Through the week's ups and downs, investors followed some other important economic developments.

LAST WEEK'S DEVELOPMENTS:

□ **Solid Regional Business Index**

The Philadelphia Fed Business Outlook Survey again pointed to progress in the factory sector. While the consensus range was 16.0 – 25.0, the General Business Conditions Index-Level reported 38.8.⁶

□ **Strong Corporate Earnings**

With 90% of S&P 500 company Q1 earnings reports in, the earnings growth rate for S&P 500 companies remains bright with an average increase of 13.6%.⁷ The softening U.S. dollar—down 5% so far in 2017—is helping companies that sell overseas. A weaker dollar will help companies with foreign earnings, as those earnings are more valuable when converted into U.S. dollars.⁸

□ **Mixed Housing Reports**

New home sales remained strong as the housing market index rose 2 points to 70. The data came out well ahead of the 65 – 69 consensus range.⁹ However, April housing starts were lower than expected. Housing starts are now at a 1.172 million annualized rate, after falling 2.6%.¹⁰

□ **Household Debt Rises**

Total household debt rose to a new high, reporting a \$149 billion increase to come in at \$12.73 trillion.¹¹ Student loans and auto loans were major contributors to the rising debt:

- **Student loans** now make up about 10.6% of all U.S. household debt, rising to \$1.3 trillion. Comparatively, in 2003, student loans only accounted for 3.3% of total household debt.¹²

- **Auto loans tighten** as balances rose by 0.9%.¹³ Auto debt that is overdue by more than 90 days increased to 3.82% of total auto loans in Q1, the highest percentage in four years.¹⁴

WHAT'S AHEAD

Economy

Manufacturing output rose 1.0 percent in April, the strongest monthly result in over 3 years. As such, investors will track how the rest of the second quarter shakes out.¹⁵ In addition, we will be interested in this week's housing reports, hoping for a better handle on where this up-and-down sector is heading.

Geopolitical

Financial markets could experience some headwinds as geopolitical situations fester. Concerns over North Korea and political opposition to globalization remain.¹⁶ In addition, Brazil is facing political disruption and a deep recession that could mean problems for companies with business interests in that country.¹⁷ Similarly, continuing political challenges for the current U.S. administration may adversely affect proposed tax reform, health-care legislation, and infrastructure initiatives.¹⁸

As always, we will continue keeping abreast of market and economic updates. We encourage you to focus on your long-term financial outlook. Should you have any questions, we are happy to help.

ECONOMIC CALENDAR

Tuesday: New Home Sales

Wednesday: Existing Home Sales

Friday: Durable Goods Orders, Consumer Sentiment

DATA AS OF 5/19/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	-0.38%	6.38%	16.75%	12.96%	4.57%
DOW	-0.44%	5.27%	19.33%	10.96%	4.38%
NASDAQ	-0.61%	13.01%	29.10%	16.97%	9.05%
INTERNATIONAL	0.79%	11.80%	16.26%	6.77%	-1.74%
DATA AS OF 5/19/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	0.71%	1.03%	1.10%	1.79%	2.23%

Notes: All index returns (except S&P 500) exclude reinvested dividends, and the 5- year and 10-year returns are annualized. The total returns for the S&P 500 assume reinvestment of dividends on the last day of the month. This may account for differences between the index returns published on Morningstar.com and the index returns published

elsewhere. International performance is represented by the MSCI EAFE Index. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

QUOTE OF THE WEEK



"If we are bold, love strikes away the chains of fear from our soul."

– Maya Angelou

RECIPE OF THE WEEK



Steak with Kale and White Bean Mash



A healthy, hearty dish!

Serves 4

Ingredients:

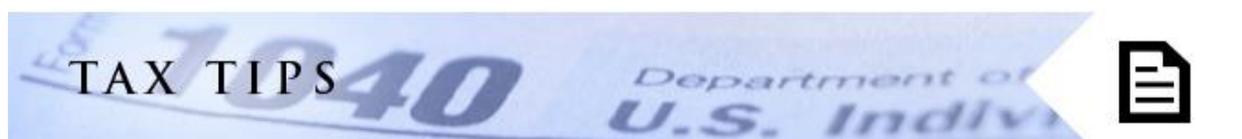
- 2 boneless beef top loin steaks, trimmed
- 8 oz. parsnips, sliced thinly
- ½ cup water
- 1 bunch kale, chopped
- 2 cloves garlic, chopped
- 2 cans cannellini beans, drained and rinsed
- 2 TBSP pesto
- salt and pepper

Directions:

1. Season steaks with ¼ tsp each of salt and pepper.

2. Cook each steak for 4 minutes per side on medium-high heat (cooks to medium; cook longer for well done).
3. Move cooked steaks to cutting board and let rest for 5 minutes.
4. Add parsnips to pot of boiling water and cook until tender, or cook in microwaveable container in microwave for 5 minutes on high.
5. Prepare saucepot with cooking spray. Add kale, garlic, and ¼ tsp salt.
6. Cook items for 5 minutes on medium heat or until stems become tender. Set aside.
7. Blend cooked parsnips in food processor with cannellini beans until combined but still chunky. Stir occasionally.
8. Add processed beans and parsnips to cooked kale mixture.
9. Add ⅛ tsp of salt. Heat combined ingredients until thoroughly warm.
10. Cut steak into thin slices and plate.
11. Top with dollop of pesto, and serve with kale and white bean mash.

Recipe adapted from Good Housekeeping¹⁹



In the Military? Receive Free Tax Help*

If you are in the military, then you have free support available to you when you address your taxes. Military members and their families can receive complimentary tax help through Volunteer Income Tax Assistance (VITA), whether they are in the United States or overseas. Worldwide, the Armed Forces Tax Council oversees the support offered through VITA. Here's some insight into how the federal military tax support works.

Are the VITA employees trained to understand military needs?

Yes. Every VITA employee receives in-depth training that addresses the unique financial and tax issues relating to the military. They can help guide you through the specific items you may need to address, such as receiving tax benefits when serving in combat zones.

Do I have to bring any documents onsite?

You will need to bring specific documents in order to receive tax assistance through VITA. Some of these documents include:

- Valid photo ID
- Taxpayer, spouse, and dependents' Social Security numbers and birth dates
- Forms claiming wages and earnings, such as Forms W-2 and 1099-R

What if I file jointly and my spouse is unavailable to sign?

Should you or your spouse be in a different location and unable to sign documents in person, you typically still need to address the signature. You can do so by bringing a Power of Attorney form to VITA. Some exceptions do apply; be sure to know what applies to your unique situation.

Other details apply, and you can find more information on [the IRS website](#).

Please Note: This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Tip courtesy of IRS.gov²⁰



3 Essential Swing Tips

Still perfecting your swing? You're not alone. Remembering techniques like pulling power from your body and avoiding an open clubface can make a difference on the course. They also are easy tricks to forget. Because everyone can have an off-day, here are three ways to immediately improve your swing.

1. Keep your hands low.

If you're looking to reduce the height of your shot, remember this mantra: Lower your hands to lower your ball flight. When you keep your hands low in the finish, you limit your follow through's height and keep the trajectory low.

2. Make impact with thumbs down.

For those who hook their shots, make sure your thumbs point down on impact. Doing so will keep your clubface from closing too soon and help you avoid curving shots to the left.

3. Pull power from your body, not your arms.

Your arms are there to guide the ball, not to drive power. For this, you need your body. To make this fix:

- Place your club behind your ball at address.
- Keep your body in a dead-stop position.
- Drag the ball into the air without taking a backswing.

While pulling power from your body may be challenging at first, with practice, you should consistently get your ball in the air. On the downswing, remember to fully turn through the ball.

Tip courtesy of GolfTips Magazine²¹



Health Tips for a Longer Life

Many factors influence our lifespan that are outside of our control. Some of them, however, we can affect on our own. Little changes in our daily habits can help us live healthier and happier lives. Here are a few common health tips you can adopt today for fostering a longer life:

- **Take care of your teeth:** Floss and brush your teeth regularly, and make ongoing appointments with your dentist.
- **Do not smoke:** Cigarette smoking causes a host of health issues, many of which shorten your lifespan. Encourage a longer life by choosing to not smoke or taking steps now to quit smoking.
- **Challenge your brain:** Learning new activities can help you keep your mind sharp and engaged.
- **Keep socializing:** Keeping a strong social network can help you live longer.
- **Eat healthy:** Be sure to get enough servings of fruits, vegetables, and whole grains. Also, focus on eating healthier fats like mono- and polyunsaturated fats.

Tip courtesy of Harvard Medical School²²



The Eco-Friendly Pet Owner

Living a green life does not stop when it comes to pet care. You can do your part to help the environment while caring for your favorite non-human loved ones. Here are a few tips to help your pet and the earth:

- **Pick up waste with biodegradable bags:** Using a plastic bag to clean up pet waste is a common go-to. However, unless the bag is biodegradable, it (and the contents) will take at least 100 years to break down. You can reduce your impact by using a compost-friendly bag that will return to the earth more quickly.
- **Buy natural or organic foods:** Heavily processed byproducts fill most commercially available foods. By choosing natural or organic options, you buy products typically grown or raised more sustainably, such as free-range meats. You also remove other factors such as pesticides, hormones, and artificial preservatives added to the food.

- **Adopt from a shelter:** In the U.S., we abandon about 70,000 puppies and kittens every day. Rather than create a demand for new animals, you can help keep populations down—and off the streets—by choosing to adopt from your local shelters or rescue groups.

Tip courtesy of The Nature Conservancy²³

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We love being introduced!

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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 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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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/2017/05/15/us-markets.html>

http://www.cnbc.com/2017/05/17/us-markets.html?__source=newsletter%7Ceveningbrief

² <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=SPX®ion=usa&culture=en-US>

<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=%21DJI®ion=usa&culture=en-US>

<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=@CCO>

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

⁴ <http://www.cboe.com/products/vix-index-volatility/vix-options-and-futures/vix-index>

⁵ http://www.cnbc.com/2017/05/17/us-markets.html?__source=newsletter%7Ceveningbrief

⁶ <http://wsj-us.econoday.com/byshoeventfull.asp?fid=478000&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

⁷ http://insight.factset.com/earningsinsight_05.15.17?utm_source=hs_email&utm_medium=email&utm_content=51941757&hsenc=p2ANqtz-9eNv2A2JLLIIV82w08kDkTB-ZDscX04wcw6Yg-80KRQ484SHQThu4Df5QMprmvAAokV0jfebS1NMTKaDbrwrA18vqEYQ&_hsmi=51941757

⁸ <http://www.reuters.com/article/us-usa-stocks-weekahead-idUSKCN18F2FA>

⁹ <http://wsj-us.econoday.com/byshoeventfull.asp?fid=477675&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

¹⁰ <http://wsj-us.econoday.com/byshoeventfull.asp?fid=477687&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

¹¹ <https://www.newyorkfed.org/microeconomics/hhdc>

¹² <https://www.bloomberg.com/news/articles/2017-05-18/student-debt-is-eating-your-household-budget>

¹³ <https://www.newyorkfed.org/microeconomics/hhdc>

¹⁴ https://www.bloomberg.com/news/articles/2017-05-17/banks-tighten-auto-lending-as-more-borrowers-fall-into-default?cmpid=BBD051717_BIZ&utm_medium=email&utm_source=newsletter&utm_term=170517&utm_campaign=bloombergdaily

¹⁵ <http://wsj-us.econoday.com/byshoeventarticle.asp?fid=481776&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

¹⁶ <http://www.nbcnews.com/card/north-korean-missile-really-worked-say-u-s-officials-n762146>

<http://yaleglobal.yale.edu/content/unpopular-globalization-why-so-many-are-opposed>

¹⁷ <http://www.cnbc.com/2017/05/18/these-u-s-stocks-have-the-most-at-risk-from-the-emerging-brazil-crisis.html>

¹⁸ <http://fortune.com/2017/05/18/donald-trump-republicans-tax-obamacare/>

¹⁹ <http://www.goodhousekeeping.com/food-recipes/healthy/a42202/steak-with-kale-and-white-bean-mash-recipe/>

²⁰ <https://www.irs.gov/uac/free-tax-help-available-for-the-military>

²¹ <http://www.golftipsmag.com/instruction/quick-tips/10-best-swing-tips-ever/>

²² <http://www.health.harvard.edu/healthbeat/tips-for-a-longer-life>

²³ <https://www.nature.org/greenliving/gogreen/everydayenvironmentalist/green-your-pets.xml>