
Markets Cautious But Resilient

Weekly Update – August 21, 2017

From domestic unrest to international terrorism, last week provided many headlines that could easily rattle the markets. While we did see days with volatility and declines, the major indexes remained relatively flat.¹ For the week, the Dow was down 0.84%, the S&P 500 dropped 0.65%, and the NASDAQ fell 0.64%.² On the international front, the MSCI EAFE remained virtually the same last week as the week before, recording a microscopic 0.0014% increase.³

Why didn't the markets react to the geopolitical turmoil by turning sharply negative? As we've shared before: Headlines shouldn't drive long-term market behavior—economic fundamentals should. Last week, we received reports indicating the economy continues to be strong in a number of areas.

Here is a closer look at last week's important economic news:

- **Robust Retail Sales:** July retail sales rose 0.6%, beating expectations and showing strength in a variety of retail categories.⁴
- **Strong Business Inventories:** Factory, warehouse, and retail business inventories all jumped for a combined 0.5% increase in June. The data looks promising—inventory levels tend to rise in positive economic environments.⁵
- **Uneven Industrial Activity:** Industrial production rose 0.2% in July. This growth was lower than expected due to declining motor vehicle production dragging on the index.⁶
- **Mixed Housing Data:** The housing market index surged by 4 points as homebuilders experience an increasing demand from buyers.⁷ But despite the growing appetite for new construction, July's housing starts slipped, in part because builders are struggling to find experienced labor and new sites to build on.⁸

Looking Ahead

This week, we will receive more data that helps deepen our perspectives on housing market health, Q3 expectations, and the Fed's upcoming plans.⁹

In this time of dramatic headlines and geopolitical uncertainty, we want to remind you that you are in control of your wealth and financial future. No matter what the talking heads want you to believe, stay focused on market fundamentals. Please call or email if you have any questions concerning specific market data or larger, developing issues.

ECONOMIC CALENDAR

Wednesday: New Home Sales

Thursday: Jobless Claims, Existing Home Sales

Friday: Durable Goods Orders, Janet Yellen Speaks

DATA AS OF 8/18/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	-0.65%	8.34%	10.91%	11.33%	5.31%
DOW	-0.84%	9.67%	16.54%	10.30%	5.18%
NASDAQ	-0.64%	15.48%	18.63%	15.11%	9.51%
INTERNATIONAL	0.00%	13.82%	12.22%	5.22%	-0.70%
DATA AS OF 8/18/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	0.97%	1.13%	1.24%	1.77%	2.19%

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

"The best and most beautiful things in the world cannot be seen or even touched. They must be felt with the heart."

– Helen Keller

RECIPE OF THE WEEK

Easiest-Ever Spinach Lasagna



Serves 8

Ingredients:

- 1 lb. part-skim ricotta cheese
- 10 oz. frozen chopped spinach, thawed and squeezed dry
- 2 cups shredded mozzarella cheese, divided
- 1 large egg
- ¼ tsp salt
- 1 (32 oz.) jar marinara sauce
- 1 (9 oz.) box no-boil lasagna noodles

Directions:

1. Stir together ricotta, spinach, 1 cup mozzarella, egg, and salt.
2. In a slow cooker, layer marinara sauce, lasagna noodles, and ricotta mixture, starting and ending with marinara sauce and breaking noodles to fit.
3. Top with 1 cup mozzarella.
4. Cover slow cooker, and cook on low for about 4 hours or until noodles are tender.

Recipe adapted from Good Housekeeping¹⁰



Starting a Business This Summer?

If summer plans include starting a business, be sure to visit IRS.gov. The IRS website has answers to questions on payroll and income taxes, credits, and deductions, plus more.

New business owners may find the following four IRS tax tips helpful:

Business Structure. An early choice to make is to decide on the type of structure for the business. The type of business chosen will determine which tax forms to file.

Business Taxes. Taxpayers may need to make estimated tax payments. If so, use IRS Direct Pay to make them.

Employer Identification Number (EIN). Generally, businesses may need to get an EIN for federal tax purposes. If needed, it's easy to apply for it online.

Accounting Method. An accounting method is a set of rules used to determine when to report income and expenses. Taxpayers must use a consistent method.

Get all the basics of starting a business on IRS.gov at the [Small Business and Self-Employed Tax Center](#).

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

* 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.gov¹¹



When & How to Release

- The release in a golf swing is important because this movement generates up to seven times more clubhead speed than usual if it is executed correctly. The release of cocked wrists upon impact with the ball is a natural motion that results from a proper setup, address, backswing, and downswing. To obtain the feeling of your arms rotating and your wrists unhinging for the release, use a drill to practice.
- Cock your wrists to 90 degrees at the top of the backswing. Your body will be in a coiled position, ready to generate power on the downswing. Your knees and hips will move into the downswing as your arms come to parallel with the ground.
- Straighten your right arm during the downswing and allow your arms, hands, and clubface to rotate, bringing you back to the address position as you strike the

ball. Hold your wrists in a cocked position until impact. Accelerate the clubhead through the ball with maximum speed at impact. This clubhead speed will generate the power during the downswing.

- Unhinge the right wrist as late as possible into impact for the greatest swing speed, resulting in greater distance on the shot. Tension in your arms and hands will prevent this late release. This movement should occur naturally without manipulating the clubhead with the hands. Allow your right arm to cross over your left after impact. Hit through the ball as your wrists release for a strong follow-through.

Tip courtesy of Golf Week Magazine¹²



Back to School Means Busier Roads

Students of all ages are heading back to school, and it is more important than ever to slow down and pay attention on the road, particularly in the mornings and afternoons. According to the National Safety Council, most of the children who lose their lives in bus-related incidents are 4 to 7 years old, and they're walking. They are either hit by the bus, or by a motorist illegally passing a stopped bus.

Here are several tips to improve safety while students, particularly the younger ones, are traveling to and from school.

- Don't block a crosswalk, forcing pedestrians to go around you.
- Always stop for a school patrol officer or crossing guard holding up a stop sign.
- Never pass a vehicle stopped for pedestrians.
- If you're driving behind a bus, allow a greater following distance than if you were driving behind a car.
- The area 10 feet around a school bus is the most dangerous for children; stop far enough back to allow them space to safely enter and exit the bus.
- When passing a bicyclist, proceed in the same direction slowly, and leave 3 feet between your car and the cyclist.
- When turning left and a bicyclist is approaching in the opposite direction, wait for the rider to pass.
- Watch for bike riders turning in front of you without looking or signaling; children especially have a tendency to do this.

By exercising a little extra care and caution, drivers and pedestrians can co-exist safely in school zones.

Tips courtesy of NSC¹³



Try Window Inserts Before Replacing Drafty Old Windows

Do you have older windows in your home? When you walk by them, do they feel hot to the touch, or do you feel the heat pouring through them when you walk by? When it's cold outside, is the room noticeably cooler near the windows? If so, you are losing your preferred indoor temperature more through those windows than anywhere else in your home.

Replacing windows can be very expensive. Before you install all new windows in your home, think about giving window inserts a try. Produced by a variety of companies, a window insert is just that: a window-shaped pane of clear, see-through plastic that fits snugly in your window frames to provide an extra barrier of insulation. The net effect is to help keep the temperature outside from becoming the temperature inside.

Window inserts not only might keep you and your family more comfortable, they might also save you money each month on your utility bill.

To learn more about window inserts and how they might reduce your utility bill, talk with a specialist at a home improvement store or go online and do a search for "window inserts."

Tip courtesy of Green Living Ideas¹⁴

Share the Wealth of Knowledge!

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

We love being introduced!

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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 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 <https://www.cnbc.com/2017/08/18/us-stocks-weekly-drop-trump-cohn.html>

² <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=SPX®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://wsj-us.econoday.com/byshoweventfull.asp?fid=477714&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

⁵ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=477806&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

⁶ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=477830&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

⁷ <https://www.cnbc.com/2017/08/15/homebuilder-sentiment-soars-on-strong-sales.html>

⁸ <https://www.cnbc.com/2017/08/16/us-housing-starts-july-2017.html>

⁹ <http://wsj-us.econoday.com/byshoweventarticle.asp?fid=482635&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

¹⁰ <http://www.goodhousekeeping.com/food-recipes/easy/a34181/easiest-ever-spinach-lasagna/>

¹¹ <https://www.irs.gov/uac/newsroom/starting-a-business-this-summer-heres-four-tax-tips>

¹² <http://golftips.golfweek.com/golf-instruction-release-2321.html>

¹³ <http://www.nsc.org/learn/safety-knowledge/Pages/back-to-school-safety-tips-for-drivers.aspx>

¹⁴ <http://greenlivingideas.com/2017/04/08/insulating-older-windows-without-replacing-cost-effective-window-inserts-product-review/>