A Look Back

Weekly Update – March 19, 2018

Markets were up on Friday, but domestic stocks lost ground for the week as political turmoil and potential trade wars weighed on investors' minds.[1] The S&P 500 dropped 1.24%, the Dow gave back 1.54%, and the NASDAQ decreased 1.04%.[2] International stocks in the MSCI EAFE barely avoided losses with a 0.13% gain.[3]

1. Mixed Performance Results

Overall, we received a variety of mixed data last week:

Down

- **Housing starts** missed expectations and fell 7%.[4]
- **Retail sales** were lower than expected.[5]

Up

- **Consumer sentiment** hit its highest reading since 2004.[6]
- **Domestic factory production** beat expectations.[7]

But data reports were not the only detail worth noting last week. We also marked the 10-year anniversary of Bear Stearns' collapse.

2. A Look Back

For 85 years, Bear Stearns was a respected institution that became one of the world's largest investment banks. When the housing market crashed in 2007, the firm realized it had taken on far more risk than planned.[8] As a result, the firm ran out of cash, and on March 16, 2008, JPMorgan bought the previously valuable company for only $2 a share. In retrospect, Bear Stearns' collapse was the first real glimpse of the pending Great Recession.[9]

Less than a year later, markets hit bottom on March 9, 2009. In the years since, stocks have corrected multiple times, losing over 10%. But, they have never lost 20% to push into a bear market—meaning we're in the midst of the 2nd-longest bull market since World War II.[10]

Time can make some memories fade, but we doubt that anyone who experienced the Great Recession forgets how challenging and scary it felt.

Here's what headlines were telling us:

Source: http://www.businessinsider.com/what-the-headlines-looked-like-at-the-height-of-the-2008-financial-crisis-2017-3

Despite the market losses and economic turmoil, the Great Recession was also a powerful reminder of Warren Buffett's advice: "Be fearful when others are greedy and greedy when others are fearful.[11]"

While the markets seemed to be in a free-fall, allowing emotion to dictate investing choices was easy. But anyone who escaped the markets' bottom missed an incredible growth opportunity.

Nine years after the S&P 500 hit its low, the index was up 390%—and was 122% higher than its record close before the Great Recession began. So, while the collapse was painful, stocks weathered the storm, sailing far beyond where they were before.[12] The economy is also in a very different place than it was a decade ago.

Where We Are Now

- **Job Growth:** February was the 89th-straight month where the economy added jobs.
- **Unemployment:** The current unemployment rate remains at its lowest level in 17 years.[13]

- **Gross Domestic Product:** The U.S. economy has expanded every year since 2010.[14]

Of course, we recognize that the economy is not perfect and still has room to improve. But, we also want to remind you of how far we've all come since the Great Recession first began. If you'd like to take a closer look at your own progress or plans for the future, we are always here to talk.

ECONOMIC CALENDAR
Wednesday: FOMC Meeting Announcement, Existing Home Sales
Thursday: Jobless Claims
Friday: Durable Goods Orders, New Home Sales

DATA AS OF 3/16/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	-1.24%	2.93%	15.56%	12.01%	7.89%
DOW	-1.54%	0.92%	19.16%	11.44%	7.64%
NASDAQ	-1.04%	8.38%	26.80%	18.15%	12.96%
INTERNATIONAL	0.13%	-0.35%	13.73%	3.58%	0.22%
DATA AS OF 3/16/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.71%	1.96%	2.08%	2.65%	2.85%

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.

"It's not the situation, but whether we react (negative) or respond (positive) to the situation that's important."

–Zig Ziglar

RECIPE OF THE WEEK

Citrus and Mint Berries

Serves 1

Ingredients:

1 cup blueberries
½ cup raspberries
½ cup blackberries
2 tablespoons lemon juice
1 tablespoon chopped mint
¼ teaspoon pure vanilla extract
Pinch of coarse salt

Directions:

1. Mix together blueberries, raspberries, and blackberries in a bowl with lemon juice, chopped mint, pure vanilla extract, and a pinch of coarse salt.
2. Put contents in a container and chill.

Recipe adapted from Good Housekeeping[15]

TAX TIPS

5 Important Facts about Exemptions for Tax Year 2017

Most taxpayers know that taking as many exemptions as possible works to their advantage by reducing their tax load. Many, however, are unaware of how exemptions work and which ones to take.

Here are 5 facts to remember at tax filing time:

1. **Personal Exemptions**. Taxpayers can claim 1 exemption on joint returns for themselves and 1 for their spouse. Married taxpayers who file separate returns can claim their spouse as an exemption if their spouse had no gross income, is not filing a return, and is not listed as a dependent for another taxpayer.

2. **Dependent Exemptions**. Dependents are children or relatives who meet certain conditions. (Visit https://www.irs.gov/help/ita/whom-may-i-claim-as-a-dependent for more information about dependency requirements.) Filers must list their dependents' Social Security numbers.

3. **Dependents' Exemptions.** Dependents of other taxpayers cannot list themselves as personal exemptions on their own returns.

4. **Dependents' Requirements for Filing.** Dependents may have to file returns if they generated income and owe taxes.

5. **Exemption Phase-out**. Taxpayers who earn above certain income levels will lose all or part of the $4,050 personal exemption. The amounts vary depending on the filers' status.

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 adapted from the IRS.gov[16]

What Do the Pros Do Before Going to the Course?

You watch the pros and the top players to discover the secrets of their success. But what about what they do before they head to the course?

Here is what some of the pros say they do before heading out the door:

- **Bubba Watson**: "I like to watch golf on TV before. I like to see what everybody's doing, and sometimes I can pick up little things about the course that could help me."

- **Zach Johnson**: "Stretch. I have a whole routine that I do with my trainer before I get to the course to make sure my muscles are all activated and firing like I want them to."

- **Hunter Mahan**: "I like to look up inspirational quotes so I can find one to meditate on for the rest of the day."

- **Russell Henley**: "I always eat a big breakfast. Something with eggs. Gotta get my protein for the day."

- **D.J. Trahan**: "I like to visualize some of the key holes I'll be playing, some of the shots I might hit."

- **Ernie Els**: "Talk to my family. It's tough being on the road away from them all the time, so I like hearing from them."

Tip adapted from Golf Digest[17]

Arresting the Silent Killer

About 75 million Americans (29%) suffer from high blood pressure (hypertension), according to the Centers for Disease Control and Prevention.

High blood pressure raises the risks of heart disease and stroke. Leading risk factors include obesity, excessive alcohol consumption, smoking, and heredity.

Here are some tips to reducing hypertension:

- Exercise helps lower blood pressure and improves the effectiveness of hypertension medication.
- Do fun exercises. It could be hiking, gardening, or bicycling. Try to get in 30 minutes per day.
- Get with an exercise trainer to help you tailor your activities to your goals.
- Strength training is good. Lifting weights help you lose fat, build muscle, and raise your metabolic rate.
- Aerobic exercise helps lower your blood pressure. Swimming is a gentle and fun way to get in some cardio.
- Don't go gung ho. Moderate intensity exercising for at least 30 minutes a day is key.
- Start slowly. Jumping into intense exercise too quickly may lead to injuries. Take a walk around the block or go 10-15 minutes on the treadmill.
- Make workouts convenient. You can fit exercising into your children's sports practices, during lunch breaks, or before or after lunch.

- Go short and sweet. Short, 10-minute workouts can be more easily fit into your busy schedules. You may jog in place, do a few pushups, or go for a short walk. Add up the short ones to 30 minutes per day, and you're well on your way.

Tip adapted from WebMD[18]

Washing Your Way to a Greener World

Yes, you can be environmentally friendly while washing your clothes, doing dishes, and even bathing.

Here are 4 facts to make cleaning more earth sensitive:

- Four of 5 U.S. dry cleaners use perchloroethylene, a solvent that researchers have linked to cancer, nervous system damage, and hormonal disruption. Look for dry cleaners that are non-toxic or are "green" cleaners.

- Set your washer to a low setting to match the amount of clothing you're washing. Your clothing gets cleaner and you use less water. Using cold water also saves up to 80% of the energy for washing clothes.

- Use warm or cold water more. Washing clothes in cold or warm water instead of hot can save nearly 500 pounds of carbon dioxide per year.

- Buy a new washer. It takes 41 gallons of water on average for a typical washing machine to do a load of laundry. Many newer models require 28 gallons of water per load.

Tip adapted from WWF[19]

Share the Wealth of Knowledge!

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

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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