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Stocks Up, GDP Down

FINANCIAL UPDATE - WEEK OF JANUARY 30, 2017

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After a brief pause during inauguration week, stocks continued to climb last week. The S&P 500 added 1.03%, the NASDAQ was up 1.90%, and the MSCI EAFE increased by 1.29%.^[1] The Dow also grew, adding 1.34%, ending the week above while hitting 20,000 for the first time ever.^[2]

Consumer confidence matched this positive performance, as the University of Michigan Consumer Sentiment measurement beat expectations in January and reached the highest levels since 2004.^[3] However, one piece of data we received last week gave a less rosy view of the economy: initial GDP reports.

What Happened: GDP Missed Projections

On Friday, we received the first report on real GDP for the fourth quarter of 2016. Growth declined significantly to come in at 1.9% - down from the third quarter's reading of 3.5%.^[4]

Looking Deeper

Many aspects of our economy showed solid growth in the fourth quarter. Household purchases grew, business-equipment spending advanced for the first time in over a year, and inventory accumulation increased.^[5] Net exports, however, pulled growth down by 1.7% - the biggest drag since 2010 - as we saw a jump in imports coupled with a decline in exports.^[6] Working to increase U.S. exports is important because it can help strengthen America's economy, support additional jobs, and promote sustainable growth.

Without net exports pulling down economic expansion, fourth-quarter GDP could have been even higher than in the third quarter. Trade is integral to our economy, and changes in the balance between imports and exports measurably effect growth. The new administration's potential plans to tax Mexican imports, change trade relationships with China, and restrict visitors from certain countries could affect our imports and exports - and thus our economy.[7]

Between lagging GDP and the Dow reaching historic levels, this week showed us a range of perspectives on where the economy now stands. The markets will always have uncertainty and unanswered questions, and - as always - we must stay focused on the fundamentals that drive performance in the long term. For now, we will continue monitoring policy developments and the trade deficit to determine how they may impact economic growth in 2017 and beyond. We will also pay close attention to the economic data that gives the deep insight upon which we build our strategies for pursuing your goals.

ECONOMIC CALENDAR:

Monday: Personal Income and Outlays

Tuesday: Consumer Confidence

Wednesday: ADP Employment Report, ISM Manufacturing Index, FOMC Meeting Announcement

Thursday: Productivity and Costs

Friday: Employment Situation, Factory Orders, ISM Non-Manufacturing Index

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Data as of 1/27/2017	1-Week	Since 1/1/17	1-Year	5-Year	10-Year
Standard & Poor's 500	1.03%	2.50%	21.87%	14.86%	6.14%
DOW	1.34%	1.68%	26.02%	11.74%	6.09%
NASDAQ	1.90%	5.16%	26.69%	20.20%	13.24%
U.S. Corporate Bond Index	0.00%	0.16%	5.37%	3.95%	6.83%
International	1.29%	2.11%	13.29%	3.16%	-1.90%
Data as of 1/27/2017	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.50%	0.62%	0.81%	1.94%	2.47%

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.

The Non-financial Nook...

QUOTE OF THE WEEK



"Never bend your head. Always hold it high. Look the world straight in the eye."

- Helen Keller

RECIPE OF THE WEEK



Sweet Potato and Red Lentil Bisque



A warm dish that's full of flavor!

Serves 6

Ingredients:

1 pound sweet potatoes, peeled and roughly chopped
1 cup red lentils, sorted and rinsed
1/2 cup dried apricots, quartered
1/4 cup onion or shallots, chopped
1/4 to 1/2 teaspoon Thai red chili paste
4 cups chicken or vegetable broth
3 cups coconut milk (or light coconut milk)
1/2 teaspoon salt, plus more to taste
1/2 teaspoon ground black pepper
Chopped cilantro (optional)
4 tablespoons pomegranate juice or seeds (optional)

Directions:

1. Place sweet potatoes, lentils, apricots, onion, chili paste, and broth in a large pot.
2. Add salt and pepper.
3. Bring pot to a boil over high heat.
4. Reduce to low heat once boiling and cover with lid.
5. Simmer until lentils are breaking down, about 25 minutes.
6. Uncover soup and let sit for 10 minutes.
7. Add coconut milk.
8. Puree soup in blender until smooth, in batches if needed.
9. Pour pureed soup into bowls.
10. Top soup with cilantro and pomegranate juice or seeds, if using.

Recipe adapted from Dana Jacobi, Oprah.com^[8]

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TAX TIPS

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Why to File Your Tax Return Online

If you're still filing taxes by paper, you may be creating unnecessary work for yourself. The IRS accepts electronically filed tax returns, which is the fastest and safest way to file. Here are some top reasons why the IRS suggests you e-file your tax return.

1. **Safe and Secure:** IRS e-file has strict security guidelines and uses modern encryption technology for protecting returns filed online. The IRS has safely and securely processed over 1 billion returns online. The IRS recently put new safeguards in place to protect filers.
2. **Faster Refunds:** When filing online, e-file usually helps prevent mistakes and enables you to receive your refund more quickly. You can streamline this process by combining e-file with a direct deposit into your bank account, which usually pays refunds in less than 21 days.
3. **Healthcare Coverage Reporting:** IRS e-file will help you include reporting about your healthcare coverage. The software will walk you through each line that relates to the Affordable Care Act.
4. **Payment Options:** When you file online, IRS Direct Pay allows you to pay taxes you owe electronically from your bank account. You can also pay by credit or debit card. Visit [IRS.gov/payments](https://www.irs.gov/payments) for further details.

Tip courtesy of IRS.gov^[9]

GOLF TIP



Ripping Your Irons

Hitting solid iron shots that stick close to the hole requires an ability to tear off the turf without compromising your stance or losing control of your swing. Master this skill and your score is bound to improve. These three tips can help you rip your irons with the correct stance and swing every time.

1. **Keep your footing.** Firmly planting your feet is important for not spinning out the shot. To do so, when swinging down, you need to ground your back foot until after you've connected with the ball.
2. **Shift forward.** Does "stay behind the ball" sound familiar to you? Well, here, you actually need to shift your weight forward in the downswing to avoid hitting behind the ball or thinning it on the upswing. Roll your front foot toward the target so your body shifts in the same direction. Remember, you need to keep your back foot grounded during this move.
3. **Extend the club.** Fully extending your dominant arm is crucial. Rather than losing the extension before you hit the ball-and risking poor, inaccurate contact - you need to maintain your swing arc through impact. When practicing, reach toward the green with your club and see how much farther and straighter your iron shots go.

Tip courtesy of Ron Kaspriske | Golf Digest^[10]



Prevent Lower Back Pain

Lower back pain is a common ailment many people experience-and for some it's a chronic challenge. Living with such pain can debilitate you, keeping you from your normal routines and daily lifestyle. You can develop lower back pain from actions such as:

- Introducing new or more intense workouts
- Lifting heavy objects
- Sitting for long periods

These three techniques can help you prevent lower back pain:

1. **Don't overtrain when exercising:** Remember "No pain, no gain"? Well, this adage just is not true. Instead of training for pain, you need to build up your strength methodically and efficiently.
2. **Practice proper lifting techniques:** Don't let shoveling snow or lifting boxes throw your back out. Always remember to bend with the knees and lift from your legs when picking up heavy items. Ask for help when you

feel something is heavier than you should carry on your own.

3. **Sit less:** Sitting compresses the vertebrae and can create a host of complications. You should try to not sit for consecutive periods longer than one hour. Be sure to stretch a different part of your body for one minute every hour.

Tip courtesy of Doctors That DO & WebMD^[11]



Help the Earth and Yourself by Taking the Stairs

Elevators may take us where we want to go quickly, but they usually rely on electricity to operate. This means that every single time you take the elevator, you are more than likely contributing to actions that can harm the environment. To operate electrically, the elevator may require uranium or fossil fuel mining, nuclear or fossil fuel plant operation, and greenhouse gas emissions.

To minimize your pollution contributions, you can swap the elevator for stairs. In the process, you'll also contribute to improving your health, since going up and down stairs requires physical effort. While elevator rides are usually quicker, this simple change can lessen your environmental impact and whip your body into shape (meaning you might not need the stair-climbing machine at the gym anymore!).

Tip courtesy of The Nature Conservancy^[12]

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues. If you would like us to add them to our list, simply click on the "Forward email" link below. 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 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=1484888400&period2=1485493200&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EIXIC/history?period1=1484888400&period2=1485493200&interval=1d&filter=history&frequency=1d>

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

[2] <http://finance.yahoo.com/quote/%5EDJI/history?period1=1484888400&period2=1485493200&interval=1d&filter=history&frequency=1d>

[3] <http://www.cnn.com/2017/01/27/consumer-sentiment-index-hits-985-in-january-vs-estimate-of-981.html>

[4] <http://www.cnn.com/2017/01/27/us-markets.html>

[5] <https://www.bloomberg.com/news/articles/2017-01-27/u-s-economic-momentum-faces-wild-card-in-trump-s-trade-policy>

[6] <https://www.bloomberg.com/news/articles/2017-01-27/u-s-economic-momentum-faces-wild-card-in-trump-s-trade-policy>

[7] <https://www.bloomberg.com/news/articles/2017-01-27/u-s-economic-momentum-faces-wild-card-in-trump-s-trade-policy>

[8] <http://www.oprah.com/food/Sweet-Potato-and-Red-Lentil-Bisque-Recipe>

[9] <https://www.irs.gov/uac/seven-reasons-taxpayers-should-efile-their-taxes-in-2017>

[10] <http://www.golfdigest.com/story/3-tips-for-ripping-your-irons>

[11] http://www.webmd.com/brandcast/default.htm?prx_t=eoYCAebULA5NkLA

[12] <http://www.nature.org/greenliving/gogreen/everydayenvironmentalist/take-the-stairs.xml>

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