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Markets Stay Steady

FINANCIAL UPDATE - WEEK OF MAY 8, 2017

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Last week, stocks rose but floated within a narrow trading range. By Friday, however, both the S&P 500 and the NASDAQ reached record highs.^[1] For the week, the S&P 500 gained 0.63%, the Dow finished up 0.32%, and the NASDAQ rose 0.88%.^[2] The MSCI EAFE added 1.7%.^[3]

Overall, we experienced another week of generally positive, but somewhat mixed, economic signals. Soft auto sales and tumbling oil prices offset increased job creation and the lowest unemployment recorded in a decade.^[4]

POSITIVE MARKET NEWS

• Increased Job Creation and Low Unemployment

In April, U.S. payrolls added 211,000 jobs, exceeding the 190,000 predicted and showing a significant bounce back from March's 79,000 increase. The jobless rate also dropped to 4.4% - the lowest it has been since May 2007.^[5] The economy added jobs in several industries:^[6]

- Leisure and hospitality: +55,000 jobs
- Health care: +20,000 jobs
- Mining: +9,000 jobs
- Professional and business services: +39,000 jobs
- Government: +17,000 jobs

- **Strong Corporate Earnings**

First quarter earnings season continued last week, and U.S. companies once again reported strong results. So far, companies with majority overseas profits are reporting an average revenue growth of 19.9%, outperforming S&P 500 companies with domestic earnings only. This difference helps explain how corporations are reporting strong Q1 earnings despite sluggish economic growth in the U.S. during the same period.^[7]

- **Decent Manufacturing and Service Reports**

The ISM Manufacturing Index fell in April to 54.8 but remains in positive territory. The report is above 2016's 51.5 average and suggests continued manufacturing growth. Meanwhile, the PMI Manufacturing Index reported a 0.5 loss in April at 52.8.^[8] However, the PMI Services Index rose from 52.8 in March to 53.1 in April.^[9] While the month-over-month declines may show a pause in manufacturing, numbers above 50 indicate growth.^[10]

MIXED SIGNALS

- **Auto Sales Below Expectations**

U.S. motor vehicle sales bounced up to an annualized rate of 16.9 million. Though April's report falls below the predicted 17.2 million, it improves on March's 16.6 million annualized rate.^[11]

- **Oil Prices Tumble**

Oil prices tumbled last week. Both June West Texas Intermediate (WTI) crude and July Brent crude finished the week down. WTI closed at \$46.22 a barrel, falling approximately 6.3% below last week's close. Brent crude fell by about 5.6% for the week to \$49.10 a barrel.^[12]

LOOKING AHEAD

On Wednesday, May 3, the Federal Open Market Committee (FOMC) announced it would keep the federal funds target range at 0.75% to 1.00%. Nonetheless, the Fed remains encouraged that the second-quarter GDP will rebound, because they believe consumer fundamentals remain solid.^[13] This sentiment may indicate the FOMC will raise rates in their June meeting.^[14]

On Sunday, Emmanuel Macron won the French presidential election, as expected. Macron's win should ease European Market concerns, as he is a centrist who supports global trade, the euro, and France's continuing membership in the EU.^[15]

As we look ahead to this week, our analysis will include a variety of international and domestic focuses. In particular, consumer prices, retail sales, and business inventories will highlight economic reports for the week while oil prices also should remain in focus for investors.

ECONOMIC CALENDAR

Tuesday: JOLTS (tracks monthly changes in job openings)

Thursday: Jobless Report, Producer Price Index

Friday: Consumer Price Index, Retail Sales, Business Inventories, Consumer Sentiment

 Forward to a Friend

DATA AS OF 5/5/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.63%	7.17%	17.00%	11.87%	4.77%
DOW	0.32%	6.30%	18.95%	10.01%	4.70%
NASDAQ	0.88%	13.33%	29.33%	15.59%	9.02%
INTERNATIONAL	1.70%	10.74%	13.60%	4.68%	-1.88%
DATA AS OF 5/5/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	0.71%	1.01%	1.10%	1.89%	2.36%

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.

The Non-financial Nook...

QUOTE OF THE WEEK



"Truth is ever to be found in simplicity, and not in the multiplicity and confusion of things."

- Isaac Newton



Chicken with Lemony Egg Noodles and Peas



A comforting, colorful meal!

Serves 4

Ingredients:

- 8 oz extra-wide egg noodles
- 4 oz stringless sugar snap peas
- 1 cup carrots, shredded
- 1 cup peas (fresh or frozen)
- 1 cup chicken broth
- ½ cup heavy or whipping cream
- 1 tsp fresh lemon peel, grated
- ½ tsp black pepper, coarsely ground
- ½ tsp salt
- 2 cups skinless rotisserie chicken meat

Directions:

1. Fill a 4-quart saucepan with salted water.
2. Heat water on high until boiling.
3. Add noodles and cook according to the package directions.
4. Add snap peas to noodles 1 minute before noodles finish cooking.
5. Put shredded carrots and peas into a colander in the sink.
6. Drain boiled noodles and snap peas into colander over the carrots and peas.
7. Leave the noodle mixture to drain. Meanwhile, in the same saucepan, bring to boil the broth, cream, salt, pepper, and lemon peel.
8. Stir noodle mixture and chicken into sauce.

9. Warm mixture while constantly stirring until thoroughly warmed and combined.

Recipe adapted from Good Housekeeping^[16]



TAX TIPS

Department of
U.S. Indiv



Report Income Earned from a Hobby*

Across the country, millions of people have passions they pursue on the side, earning money from their hobbies and interests. Even if you haven't officially formed your hobby as a business, you still must claim the income you make through these efforts. Here are some tips to help you report your income.

1. Identify whether you have a hobby or a business

- Hobby: You earn income but do not do so to make a profit, rather for your pastime recreation
- Business: You purposefully work to make a profit

You can explore [the 9 factors](#) the IRS lists to help clarify if you have a hobby or business.

2. Manage your hobby's allowable expense deductions

When claiming hobby-earned income, you can typically deduct your expenses, but only if they are ordinary and necessary.

- Ordinary expense: Considered common and acceptable for the hobby you engage in
- Necessary expense: Considered appropriate for participating in your hobby

3. Report expenses up to the allowable limit

You can report hobby expenses, but the limit is the amount of income you make from it. If your expenses exceed your income, then you have a loss. However, the IRS doesn't allow you to deduct hobby-income losses.

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 you discuss your specific tax issues with a qualified tax advisor.

Tip courtesy of IRS.gov^[17]



New to Golf? Beginner Tips for Selecting the Right Clubs

Golf is a sport you can enjoy no matter what age you begin playing. For those who are new to the game, one of the first steps is choosing the right clubs. Since golf clubs can be expensive - and the right or wrong clubs can greatly affect how you play. Here are some tips to help you get started.

- **Test a friend's golf clubs first**

Before you invest in any clubs for yourself, testing a friend's can help you familiarize yourself with how they feel. Join one of your friends at the driving range and practice swinging with their clubs. While at the range, you also should talk to a professional who can answer any additional questions you have about the clubs.

- **Buy a half set of clubs made for beginners**

The typical beginner half sets include 5 irons (a 4, 6, 8, pitching wedge, and sand). They also have a 3- and 5-wood and a putter. The sets leave out the driver and 2, 3, and 4 irons, which typically are more difficult for beginners to master. You can use the half set to focus on improving your swing before switching to a complete club set.

- **Use clubs with perimeter-weighted heads**

These clubs have an expanded "sweet spot," making them more forgiving. The lighter-weight graphite shafts (instead of steel shafts) allow you to swing the club faster and more quickly get the hang of the game.

Tip courtesy of Golfweek^[18]



Reduce Salt Intake by Avoiding These Foods

Sodium is a natural element we need from our food to maintain healthy body functions, such as transmitting nerve impulses and contracting and relaxing muscles. However, many people consume more salt than the recommended intake of 2,300 mg a day. Here are some tips for reducing sodium intake

through how you eat.

- **Reduce processed foods:** Most American diets include high levels of sodium from processed foods. This comes from both the levels of salt added to the food, as well as the additives - which also contain sodium. You can manage your salt intake by limiting how often and how much you eat items such as pizza, cold cuts, and fast food.
- **Swap salt for herbs and spices:** Salt can help add flavor to meals. However, you can swap out salt for fresh herbs, dried spices, and citrus zest, all of which will liven up your dish without adding unnecessary sodium.
- **Keep an eye on your per meal intake:** Sodium can exist in the foods you eat even without you realizing it. Ingredients such as monosodium glutamate (MSG) and baking soda (sodium bicarbonate) also will add sodium to a dish. Be sure to read ingredients thoroughly and aim to avoid foods that have more than 200 mg per serving.

Tip courtesy of Mayo Clinic^[19]



Reduce Food Waste by Keeping Vegetables Fresher for Longer

As a natural food product, fresh vegetables are affected by how long you store them. Eventually, those carrots and zucchinis will start shriveling or rotting, making the trash can their next best option. You can keep your vegetables fresher for longer by following these tips for specific foods.

- **Carrots:** Cut off their tops and then refrigerate them in a closed container that allows for plenty of moisture.
- **Celery:** Fill a shallow cup or bowl with water. Place the celery stalks into the container, and store on a counter or in the refrigerator.
- **Eggplant:** Store these fruit at room temperature on your counter instead of in the refrigerator. Only wash the eggplants right before you cook with them.
- **Beets:** Cut the tops off each beet, and place them in a container without a lid. Dampen a cloth and lay on top of the container.

Tip courtesy of Care2.com^[20]

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!



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

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[7] http://www.cnbc.com/2017/04/30/heres-why-earnings-are-so-outstanding-even-while-the-us-economy-is-barely-growing.html?__source=newsletter%7Ceveningbrief

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[18] <http://golftips.golfweek.com/select-golf-clubs-beginners-1176.html>

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