



Special Update: Quarterly Report

Weekly Update – April 8, 2019

The Week on Wall Street

Stocks just posted their second straight weekly gain. Investors were encouraged by the latest jobs report and new signs of progress on a U.S.-China trade deal. The Dow Jones Industrial Average advanced 1.17% in five trading days; the S&P 500, 1.27%; the Nasdaq Composite, 1.72%. The MSCI EAFE index of international stocks improved 1.84%.^{1,2,3,4}

The economy generated 196,000 net new jobs in March, according to the Department of Labor. Monthly job growth averaged 180,000 in the first quarter. Both President Trump and Chinese Vice Premier Liu He told the media last week that the U.S. and China were getting closer to a new trade accord.^{5,6}

Meanwhile, a week into the second quarter, another earnings season is about to unfold. As we await results, we will take a brief look back at what happened in the first quarter.

Quarterly Update

Stocks staged an impressive comeback in Q1, recovering nearly all of the losses incurred in the last three months of 2018.

Bullish Sentiment Increased

Investors were able to set some of their recent concerns aside, at least temporarily. The Federal Reserve indicated that it would pause interest rate hikes, and while no U.S.-China trade deal was completed during the quarter, the ongoing trade dispute cooled. The economy seemed healthy: the jobless rate was under 4%, hourly pay was rising at more than 3% a year, and inflation was tame.⁷

Add in some upside from corporate earnings, and a recipe for gains emerged.

Stocks Had Their Best Quarter Since 2009

The Dow rose 11.15%; the S&P 500, 13.07%; the Nasdaq Composite, 16.49%. Additionally, this was the best first quarter seen on Wall Street since 1998.⁸

The Fed Held Interest Rates Steady

In March, the Federal Reserve left the benchmark interest rate alone and indicated that it would not make a rate hike this year. As recently as December, the Fed had forecast two hikes for 2019.⁹

What's Ahead

The first-quarter earnings season kicks off this week with three big banks reporting results. The question is whether stocks in the S&P 500 will post earnings that beat analyst expectations to the degree they have in the past few quarters. Other questions: how will consumer confidence, wage growth, and job creation fare in Q2? Will there be a Brexit or a new U.S.-China trade pact this quarter, and if so, how will global markets react? If you have questions of your own as this quarter unfolds, remember that we are always here to talk.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: Minutes from the March Federal Reserve meeting, plus the latest Consumer Price Index, tracking monthly and yearly inflation.

Friday: The initial University of Michigan consumer sentiment index for April, which assesses consumer confidence.

Source: Econoday / MarketWatch Calendar, March 5, 2019

The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision. The release of data may be delayed without notice for a variety of reasons, including the shutdown of the government agency or change at the private institution that handles the material.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Wednesday: Bed Bath & Beyond (BBBY), Delta Air Lines (DAL)

Thursday: Fastenal (FAST), Rite Aid (RAD)

Friday: JPMorgan Chase (JPM), PNC (PNC), Wells Fargo (WFC)

Source: Morningstar.com, March 5, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	26,424.99	+1.17%	+13.28%
NASDAQ	7,938.69	+1.72%	+19.64%
MSCI-EAFE	1,909.97	+1.84%	+11.05%
S&P 500	2,892.74	+1.27%	+15.39%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.50%	+0.09%	-0.19%

Sources: The Wall Street Journal, April 5, 2019, Treasury.gov, April 5, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Earnings for All Seasons

While nature offers four seasons, Wall Street offers only one – four times a year. It's called "earnings season," and it can move the markets. So, what is earnings season, and why is it important?

Earnings season is the month of the year that follows each calendar quarter-end month (January, April, July, and October). It is the time during which many public companies release quarterly earnings reports. Some public companies report earnings at other times during the year, but many are on the calendar year that ends December 31.¹⁰

Reported Earnings

To understand the importance of earnings, we need to remember that the value of a company can be tied to the amount of money it earns. Some companies don't have earnings, and they are valued based on their potential rather than their current earnings.

Wall Street analysts maintain a close pulse on a company's quarterly report to help estimate future earnings. For example, these estimates may guide investors in determining an appropriate price for a company's stock. Remember, a company is not permitted to discuss interim earnings with select individuals; earnings reports must be disseminated publicly to level the playing field for all investors.¹

An Inside Look

When an earnings report is released, it tells the market two things.

First, it offers an insight into how the company is performing and what its prospects may look like over the near term.¹

And second, the report can serve as a bellwether for similar companies that still have not reported. For instance, if the earnings of a leading retailer are strong, it may offer an insight into the earnings of other retailers, as well as other companies that similarly benefit from higher consumer spending.

What Time?

Earnings reports are generally released when the market is closed in order to provide market participants adequate time to digest the results. Earnings reports may move markets. If earnings diverge from the expectations of professional investors and traders, then price swings – up or down – may be significant. Such a divergence is referred to as an “earnings surprise.”

If you are a “buy-and-hold” investor and feel confident in a company's long-term prospects, earnings season may mean little to you, since short-term results may not impact your long-term outlook. However, earnings reports can be meaningful if an earnings shortfall reflects a structural problem with a business or represents the continuation of a downward trend in earnings.

For that reason, it may be wise for you to keep an eye on earnings season. Information about growth, decline, and other changes to a company can be important in understanding the value of maintaining certain investments.

QUOTE OF THE WEEK



“Always bear in mind that your own resolution to succeed is more important than any one thing.”

– Abraham Lincoln

RECIPE OF THE WEEK



Salty/Sour Preserved Lemons



Serves 6

Ingredients:

5 lemons

¼ cup salt or more, if desired

Freshly squeezed lemon juice, if needed

Optional add-ins

1 cinnamon stick

3 cloves

5 to 6 coriander seeds

3 to 4 black peppercorns

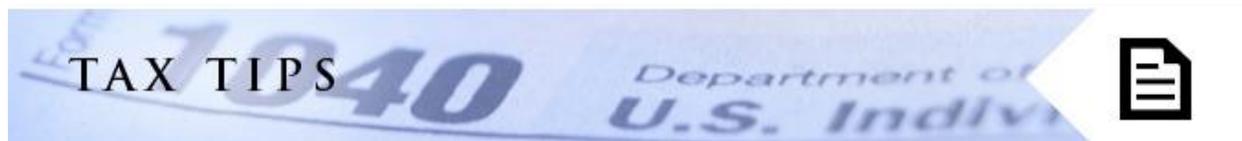
1 bay leaf

Directions:

1. Soak the lemons in lukewarm water for 3 days to soften the peels. Be sure to change the water every day.
2. With a sharp knife, quarter the lemons from the top to within ½ inch of the bottom. Dust salt on the fruit, then reshape.
3. Put a Tbsp. of salt at the bottom of a mason jar. Start layering and packing the lemons, adding salt in between each layer. Push the lemons down and sprinkle in the add-in spices between layers if you're using them. Pushing the lemons down will release their juice; add additional lemon juice, if needed. When the jar is full, leave some air space before sealing the jar.
4. Put the jar of lemons in a warm place and shake the jar at least once a day to mix the salt, lemon juice, and spices. Leave the lemons to ripen for 30 days.

To use the lemons, rinse them and remove the pulp. The preserved lemons don't need to be refrigerated and will keep up to a year.

Recipe adapted from Epicurious¹¹



Child and Dependent Care Credit

Working moms and dads can get a break with the Child and Dependent Care Credit. Child care is expensive, and this credit is designed to offset some of that cost. The credit covers children age 12 or younger, a spouse if they are unable to take care of themselves, or any other person claimed as a dependent who can't take care of themselves. More details:

- The total expenses that you may use to calculate the credit may not be more than \$3,000 (for one individual) or \$6,000 (for two or more individuals).
- You must have paid for the care, so that you could work or look for work.
- If you are married, you must file a joint tax return.

- When filing, you'll need to provide information on the caregiver, such as name, address, and Taxpayer Identification Number.

* 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 professional.

Tip adapted from IRS.gov¹²



Diet Soda: Risks and Replacements

Recent research from the *Journal of the American College of Cardiology* indicates that drinking even one diet soda a day can increase your risk of heart disease or heart attack by 35%. That one diet soda a day is probably not worth it. These drinks are also loaded with chemicals that are potentially carcinogenic and wreak havoc on your insulin because they trick your body into reacting in similar ways to sugar, releasing insulin in your gut and signaling your body to hold onto extra fat.

The good news is that there are plenty of alternatives to this seemingly harmless habit. The best choice is water. Drink the best water you have access to. If your city has great water, use it! If not, there are plenty of places to fill up on filtered water. Then, try some variations on infused flavors. Just add fruits, vegetables, and herbs to your liking, and sip away throughout the day! Here are a few ideas:

- Orange Fennel
- Pineapple-Mint-Ginger
- Tomato-Celery-Bell Pepper
- Strawberry Cucumber

Tip adapted from The Washington Post and Food Network¹³

Share the Wealth of Knowledge!

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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 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://quotes.wsj.com/index/SPX>

² <https://quotes.wsj.com/index/DJIA>

³ <https://quotes.wsj.com/index/COMP>

⁴ <https://quotes.wsj.com/index/XX/990300/historical-prices>

⁵ <https://www.cnn.com/2019/04/05/economy/march-jobs-report/index.html>

⁶ <https://www.cnbc.com/2019/04/05/stock-market-us-china-trade-nonfarm-payrolls-in-focus.html>

⁷ <https://www.usatoday.com/story/money/2019/03/29/dow-stocks-pace-best-quarter-decade-good-times-last/3311639002/>

⁸ <https://www.usatoday.com/story/money/2019/03/29/dow-stocks-pace-best-quarter-decade-good-times-last/3311639002/>

⁹ <https://www.usatoday.com/story/money/2019/03/29/dow-stocks-pace-best-quarter-decade-good-times-last/3311639002/>

¹⁰ <https://investopedia.com/terms/e/earningsseason.asp>

¹¹ <https://www.epicurious.com/recipes/food/views/preserved-lemons-231570>

¹² <https://www.irs.gov/taxtopics/tc602>

¹³ https://www.washingtonpost.com/national/health-science/diet-drinks-may-seem-like-a-good-idea-but-their-effects-may-surprise-you/2018/06/01/85859710-5d06-11e8-a4a4-c070ef53f315_story.html?noredirect=on&utm_term=.fb45ba47ae9c

<https://www.foodnetwork.com/healthy/packages/healthy-every-week/healthy-tips/12-ways-to-make-water-the-most-delicious-thing-ever>

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