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## Examining Employment

Weekly Update – May 7, 2018

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Domestic indexes posted strong results on Friday, May 4, as the latest labor report data lessened investors' concerns about inflation and interest rates. Nonetheless, stocks had mixed results last week.<sup>1</sup> The S&P 500 dropped 0.24% and the Dow gave back 0.20%, which marked both indexes' 2<sup>nd</sup> week of losses in a row.<sup>2</sup> Thanks to a bounce in tech stocks, however, the NASDAQ gained 1.26%.<sup>3</sup> International stocks in the MSCI EAFE decreased by 0.57%.<sup>4</sup>

Amid this relatively tepid performance, we reached a big milestone on May 1: Our current economic expansion is now officially the 2<sup>nd</sup> longest on record. For 8 years and 10 months, the economy has been growing, and many sectors still have room to advance.<sup>5</sup>

As we look to better understand where we stand today, Friday's employment report provides key insights into our economic health.

### What We Learned About Employment

#### 1. Growth Slowed

The report indicated that the economy added fewer jobs than expected in April, and average hourly wage growth also grew more slowly than forecast. Federal Reserve members watch this data closely to help anticipate changes in inflation.<sup>6</sup>

#### 2. Participation Dropped

The percentage of working-age people participating in the labor force dropped by 0.1%.<sup>7</sup> This decline may result from people retiring or returning to school but can also come from people choosing to stop looking for work. The lower participation rate may contradict some of the more positive trends we've seen recently.<sup>8</sup>

#### 3. Unemployment Declined

Despite missing growth projections, unemployment fell to 3.9%, the lowest point in 18 years.<sup>9</sup> The rate has only dropped below 4% during 3 other periods.<sup>10</sup> The low unemployment numbers came more from the lower labor force participation rate than from more people finding jobs.<sup>11</sup>

#### Key Takeaway

Lower participation rates could affect long-term economic growth. However, the combination of low unemployment and reasonable wage growth are likely a positive scenario for the economy. Many people who want jobs have them, but inflation should remain under control.<sup>12</sup>

As the bull market lumbers toward its 9<sup>th</sup> year, many reports continue to indicate a solid economy.<sup>13</sup> If the economic expansion continues through July 2019, it would be the longest in history (with records going back to the 1850s).<sup>14</sup> While that accomplishment would be noteworthy, our focus remains on current circumstances, and striving to find

insight that affects your financial future. From trade to jobs to manufacturing and beyond, we have many details to watch on your behalf.

## ECONOMIC CALENDAR

**Tuesday:** JOLTS

**Thursday:** Consumer Price Index, Jobless Claims

**Friday:** Consumer Sentiment

DATA AS OF 5/4/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	-0.24%	-0.38%	11.46%	10.53%	6.54%
DOW	-0.20%	-1.85%	15.80%	10.13%	6.39%
NASDAQ	1.26%	4.44%	18.67%	16.37%	11.28%
INTERNATIONAL	-0.57%	-0.96%	9.60%	3.03%	-0.60%
DATA AS OF 5/4/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.67%	2.03%	2.24%	2.78%	2.95%

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](http://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.



*“A nickel ain't worth a dime anymore.”*

— Yogi Berra

## Shrimp Curry Potstickers



Yield: 30 dumplings

### Ingredients:

#### Shrimp Curry Potstickers

- ½ pound peeled and deveined shrimp, finely chopped
- 1 medium zucchini, coarsely grated (about ½ cup)
- 1 teaspoon green curry paste
- 1 tablespoon fish sauce
- ¼ cup basil, chopped
- 2 scallions, thinly sliced
- Kosher salt
- About 30 round dumpling wrappers
- 2 tablespoons canola oil, optional, for frying

#### Thai Lime Dipping Sauce

- 1 tablespoon water
- 1 tablespoon lime juice
- 2 teaspoons fish sauce
- 1 teaspoon low sodium soy sauce
- 1 teaspoon green curry paste

### Directions:

Make filling:

1. Stir shrimp, zucchini, curry paste, fish sauce, basil, and scallions together.
2. Put 1 rounded tablespoon of filling in the center of a wrapper. Wet the wrapper's edges with water using your fingers.
3. Fold in half and seal. Pleat the seal if desired.
4. Put sealed dumpling onto a floured or parchment-lined baking sheet. Do the same with the rest of the filling and wrappers.
5. Add 1 tablespoon salt to a large pot of simmering water. Cook dumplings in 3 batches, stirring until the filling is cooked through, 3-6 minutes.
6. Use a slotted spoon to move dumplings to paper-towel-lined plate.

For pan-fried dumplings:

1. Heat a large skillet on medium-high.
2. Put in canola oil and pan-fry boiled dumplings until golden brown and crisp, 1-2 minutes per side.

Make Thai lime dipping sauce:

1. Stir water, lime juice, fish sauce, soy sauce, and green curry paste together.
2. Serve with potstickers.

Recipe adapted from Good Housekeeping<sup>15</sup>



### **Taxpayers Have the Right to Appeal IRS Rulings in Independent Forums**

What's the sense in appealing an agency ruling to the same agency that made the ruling in the first place? The IRS allows taxpayers to appeal agency rulings to an independent forum. This is one of the 10 rights taxpayers have in the IRS's [Taxpayer Bill of Rights](#).

Federal rules require the [Office of Appeals](#) to be separate from the taxing agency that initially reviews the taxpayers' returns.

To maintain independence and objectivity, investigators with the Office of Appeals will not discuss taxpayers' appeals with the IRS.

Here are some salient points about taxpayers' rights to appeal to the independent forum:

- Taxpayers who receive IRS letters (notices of deficiencies) must file a petition with the United States Tax Court before paying the additional tax.
- Taxpayers have the right to fair and impartial appeals of most agency decisions, which includes many penalties.
- Taxpayers have the right to written responses from the Office of Appeals on its decisions.
- Taxpayers may refer to the IRS's Publication 5, [Your Appeal Rights and How to Prepare a Protest If You Don't Agree](#), for more information on appealing IRS rulings.
- Taxpayers may file refund suits if they have fully paid their taxes and the agency has denied their refund claim; the agency has not taken action on the claim within 6 months; or, the IRS hasn't mailed a notice denying the claim within the last 2 years.

\* 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 IRS.gov<sup>16</sup>



## How to Make Your 1<sup>st</sup> Tee Your Best Shot

Your 1<sup>st</sup> shot kind of sets the tone for the rest of your game. If you get off to a solid start, you can take confidence in knowing your game is going to go well. Knock the ball into the rough or sand bunker, and the rest of your game may take on a sour tone.

Here are 7 steps to making your 1<sup>st</sup> shot a hot shot:

1. Get permission from yourself to play your own game, said Dr. Bob Winters, an internationally renowned sport psychologist. Be persistent with yourself: Nothing's going to spoil your game.
2. Ignore the other players. Once you step up to the tee, disconnect yourself from others and don't worry about what they think about your game.
3. Create for yourself a safe space. Nothing matters around you. Don't think about the other people or players on the course. Focus only on your upcoming shot.
4. Decide before you step up to tee what kind of shot you're going to make. Decisiveness instills confidence.
5. Rehearsal time. Imagine your swing first in your mind. Then do a few practice swings. The real one is merely an expression of the one you're already created in your imagination.
6. The final strike. You've done all the mental preparation. Step up to the tee, and prepare to do the actual swing. Do the swing with muscle memory.
7. Acceptance. Once you finish your swing, accept the results. If you're on target, that's good. If not, move on. You have 8 or 17 more chances to improve.

Tip adapted from Golfweek<sup>17</sup>



## How Do You Choose a Doctor?

Choosing a doctor may be one of the most important decisions you'll ever make in your lifetime. Here's what you should expect your primary-care doctor to do:

- Recommend preventative services.
- Treat most health problems.
- Refer you to a specialist when needed.

Here's what your doctor should do during your visit:

- Treat you with respect.
- Listen to your opinions and concerns.
- Encourage you to ask questions.
- Explain matters in ways you understand.

How do you find a doctor to suit your needs?

- Get recommendations from friends.
- Ask your doctor for recommendations if your doctor is retiring.

What about insurance and coverage?

- Contact your health insurance company for a list of doctors in the insurer's network.
- Confirm with your chosen doctor to see if the office accepts your insurance.

Material adapted from Office of Disease Promotion and Health Promotion<sup>18</sup>



### **How Do You Make Your World More Energy Efficient?**

Here's a good reason to go energy efficient: You save money on your utility bills while reducing fossil fuel emissions.

Energy-efficient appliances that are certified by [Energy Star](#) meet the U.S. Environmental Protection Agency guidelines. Canada, the European Union, and Japan also partner with the Energy Star program.

Here are some tips to make your home more energy efficient:

- Set your refrigerator at 38°-42°F.
- Set your freezer at 0°-5°F.
- Wash only full loads in your dish and clothes washers. Air dry when possible.
- Unplug your appliances when not in use.

Tip adapted from Conservation International<sup>19</sup>

#### ***Share the Wealth of Knowledge!***

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*If you would like us to add them to our list,*

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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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<sup>1</sup> <https://www.reuters.com/article/us-usa-stocks/wall-st-rallies-as-inflation-fears-ebb-apple-hits-record-high-idUSKBN1I51CG>

<sup>2</sup> <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=SPX&region=usa&culture=en-US>

<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=%21DJ&region=usa&culture=en-US>

<https://www.reuters.com/article/us-usa-stocks/wall-st-rallies-as-inflation-fears-ebb-apple-hits-record-high-idUSKBN1I51CG>

<sup>3</sup> <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=@CCO>

<https://www.reuters.com/article/us-usa-stocks/wall-st-rallies-as-inflation-fears-ebb-apple-hits-record-high-idUSKBN1I51CG>

<sup>4</sup> <https://www.msci.com/end-of-day-data-search>

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<sup>5</sup> <https://www.bloomberg.com/news/articles/2018-05-01/as-u-s-expansion-hits-endurance-milestone-here-s-what-s-next>

<sup>6</sup> <https://www.cnbc.com/2018/05/04/us-stock-futures-dow-earnings-trade-talks-and-nonfarms-on-the-agenda.html>

<sup>7</sup> <https://www.bloomberg.com/news/articles/2018-05-04/tepid-wages-participation-mute-celebration-on-u-s-jobless-rate>

<sup>8</sup> <https://www.usnews.com/news/articles/2018-05-04/unemployment-hits-lowest-level-since-2000>

<sup>9</sup> <https://www.cnbc.com/2018/05/04/us-stock-futures-dow-earnings-trade-talks-and-nonfarms-on-the-agenda.html>

<sup>10</sup> <https://www.bloomberg.com/news/articles/2018-05-04/tepid-wages-participation-mute-celebration-on-u-s-jobless-rate>

<sup>11</sup> <https://www.usnews.com/news/articles/2018-05-04/unemployment-hits-lowest-level-since-2000>

<sup>12</sup> <https://www.reuters.com/article/us-usa-stocks/wall-st-rallies-as-inflation-fears-ebb-apple-hits-record-high-idUSKBN1151CG>

<sup>13</sup> <https://www.bloomberg.com/news/articles/2018-05-04/nine-days-one-signal-u-s-economy-is-doing-fine-if-not-great>

<sup>14</sup> <https://www.bloomberg.com/news/articles/2018-05-01/as-u-s-expansion-hits-endurance-milestone-here-s-what-s-next>

<sup>15</sup> <https://www.goodhousekeeping.com/food-recipes/a47678/shrimp-curry-potstickers-recipe/>

<sup>16</sup> <https://www.irs.gov/newsroom/the-right-to-appeal-an-irs-decision-in-an-independent-forum-taxpayer-bill-of-rights-5>

<sup>17</sup> <http://golfweek.com/2017/01/26/the-brain-game-how-to-make-your-best-shot-off-the-1st-tee/>

<sup>18</sup> <https://healthfinder.gov/HealthTopics/Category/doctor-visits/regular-check-ups/choosing-a-doctor-quick-tips>

<sup>19</sup> <https://www.conservation.org/pages/tips-to-live-green.aspx#reduce-your-energy-consumption>

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