



Markets Post Week of Growth

Weekly Update – May 14, 2018

On Friday, the markets closed the week gaining traction. The Dow had 7 days of consecutive growth, rising 2.34%—its largest weekly gain since March.¹ Meanwhile, the S&P 500 rose 2.41%, the NASDAQ jumped 2.68%, and the MSCI EAFE increased 1.41%.²

Various factors came together to support the growth. From geopolitical topics to strong corporate earnings, we'll focus on 3 key developments that drove movement.

1. Energy Shares Boosted by Iran Nuclear Deal Withdrawal

President Trump's decision on Tuesday to withdraw from the Iran nuclear deal helped push the energy sector higher. With the possibility of renewed sanctions on the horizon, the anticipation of a pullback from global oil supplies helped boost prices. Though oil prices fell from a 3½-year high on Friday, it was the 2nd week of growth, driving energy shares to rise 3.8%.³

2. Technology Sector Jumps Amid Strong Corporate Earnings

After the technology sector's months of stagnation—fueled in part by recent fears over privacy—it is now approaching all-time highs. Since April 25, the information technology sector has increased 9%. The movement is driving many investors to join the rally, while many analysts remain cautious.⁴ Overall, the growth contributed 3.5%.⁵

This rally happened on the back of strong corporate earnings. Over 70% of total S&P 500 companies reported earnings growth that exceeded expectations. Last week's positive reports helped push the index past 50- and 100-day moving averages.⁶

3. Inflation Remains Steady

The Consumer Price Index (CPI), which measures the price of goods and services, rose only 0.2% for the month in April and 2.5% over the year. These reports both missed and met expectations, respectively.⁷ The tepid growth caused some investors to worry that the Federal reserve would raise interest rates more quickly, as the U.S. dollar fell and held below its 2018 high.⁸ Some analysts, however, believe that the missed expectations should ease the Fed's pressure to fast-track interest rates.⁹

Looking Ahead

We will continue tracking geopolitical developments—from potential actions against Syria, tariffs on Iran, and preparations for President Trump's upcoming meeting with North Korea's Kim Jong-un.¹⁰ In addition, key discussions around the American Free Trade Act and trade relationships with China remain on the horizon.¹¹ We also will gain our first insights on how well consumer spending performed in the 2nd quarter.¹²

If you would like to discuss any developments or gain a clearer understanding of how these issues may affect your portfolio, contact us today. We are always here to help you make sense of your financial life and gain clarity for the road ahead.

ECONOMIC CALENDAR

Tuesday: Retail Sales, Housing Market Index

Wednesday: Housing Starts

Thursday: Initial Jobless Claims, Philadelphia Fed Business Outlook Survey, Bloomberg Consumer Comfort Index

DATA AS OF 5/11/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	2.41%	2.02%	13.92%	10.80%	6.99%
DOW	2.34%	0.45%	18.70%	10.43%	6.90%
NASDAQ	2.68%	7.24%	21.04%	16.59%	11.71%
INTERNATIONAL	1.41%	0.45%	10.84%	3.21%	-0.37%
DATA AS OF 5/11/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.68%	2.06%	2.28%	2.84%	2.97%

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.



“An investment in knowledge pays the best interest.”

— Benjamin Franklin

Chocolate Sundae Cupcakes



Ingredients:

- ½ pound unsalted butter, at room temperature (2 sticks)
- 2 cups sugar
- 2 teaspoons pure vanilla extract
- 2 large eggs, at room temperature
- 3 cups all-purpose flour
- ⅔ cup unsweetened cocoa powder
- 2 teaspoons baking soda
- ¼ teaspoon fine sea salt
- 2 cups sour cream, at room temperature (16 ounces)

Whipped Vanilla Icing

- 2 cups heavy cream, at room temperature
- 1 teaspoon pure vanilla extract
- ½ cup confectioners' sugar

Directions:

1. Heat the oven to 350°F.
2. Put cupcake liners in cupcake pan.

Cake:

1. Use a hand mixer or a stand mixer with a paddle attachment to whip the butter on high speed, 1 minute. Use a spatula to scrape mix from the sides of the bowl.
2. Put the sugar in with the butter. Beat on high speed, 2 minutes. Scrape the sides of the bowl again.
3. Use the mixer on medium-low speed as you add the vanilla extract. Add the eggs one at a time. Scrape the bowl again midway through the mixing.
4. Mix the flour, cocoa powder, baking soda, and sea salt in a separate bowl.
5. Use the mixer on low speed while adding half the flour mixture.
6. Add half of the sour cream after the mix is mostly incorporated. Put in the remainder of the ingredients (dry and wet). Scrape the sides of the bowl between the additions of ingredients.
7. Once the batter is smooth, stop mixing.

8. Put the batter in the prepared pan.
9. Bake the mix until the cake feels springy in the middle, 25-30 minutes.
10. Let it cool before adding icing.

Icing:

1. Put cream, vanilla, and sugar into a chilled mixing bowl. Whip on high speed until stiff peaks form, about 2 minutes.

Cupcakes:

1. Use whipped vanilla icing to frost cupcake. Gently drip hot fudge sauce on cake. Put sprinkles and a cherry on top.

Recipe adapted from Good Housekeeping¹³



What You Need to Know about Early Withdrawals from Retirement Plans

Taking an early withdrawal from your Individual Retirement Account (IRA) may be tempting. But the tax penalty can make a significant dent in your long-term financial plan.

Here are some terms and requirements to keep in mind before considering an early withdrawal:

- Early withdrawals are defined as taking distributions from your IRA or retirement plans before the age of 59½.
- Taxpayers must report withdrawals to the IRS when they file their tax returns. They may owe income tax on withdrawals and pay an additional 10% tax penalty.
- Nontaxable withdrawals aren't subject to the 10% tax penalty. Examples include contributions on which taxpayers paid taxes before the money was deposited into the plan.
- Rollovers happen when plan holders move money or other assets from 1 plan to another. The IRS allows a maximum of 60 days to complete a rollover to keep it tax-free.
- Certain [exceptions](#) exempt plan holders from the 10% tax penalty. Many retirement plan and IRA rules differ.
- [Disaster Relief provisions](#) exempt plan holders in certain disaster areas from the 10% tax penalty.

* 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.gov¹⁴



Tips to Swinging Your Golf Club on a Plane

One of the best ways to improve your game for more accurate shots is to maintain your swing plane. Golf pros say the biggest mistake amateurs make is not focusing on their planes.

Maintaining your swing plane involves keeping your club parallel to the original shaft angle at impact as it rotates around your body.

While swing planes may vary according to players' postures, more even planes generate consistency and straighter shots. Here are 7 steps for developing an even plane:

1. Step up and prepare to address.
2. Place the sole of your club flat on the ground.
3. Ensure your shaft alignment points your club at your beltline.
4. Put your body over the ball. Your hands should grip the club comfortably without extending your arms. Your arms should hang straight down.
5. Draw back the club for a slow-motion swing while maintaining your shaft angle for consistency.
6. Continue the swing while monitoring the shaft angle.
7. Practice the swing motion to get comfortable with the movement.

Tip adapted from Golfweek¹⁵



The Ups and Downs of Diabetes

More than 30 million Americans (9.4% of the population) suffer from diabetes, a disease involving the pancreas' ability to produce insulin, according to the American Diabetes Association.

A healthy pancreas, which is an organ behind the stomach, releases insulin to help your body process sugar and fat.

In type 1 diabetes, your body's immune system destroys pancreatic cells that make insulin. In type 2 diabetes, the more common form, the pancreas produces insulin, but not enough for the body to be able to process it effectively.

Doctors check fasting blood sugar levels to diagnose diabetes. Treatment for those with type 1 diabetes involves careful monitoring of blood sugar levels, undergoing insulin therapy, consuming a healthy diet, and getting adequate exercise.

Treatment for type 2 diabetes includes a healthy diet, exercise, medication, and insulin.

Material adapted from WebMD¹⁶



Keep Oceans and Rivers Healthy by Eating Sustainable Seafood

You love seafood. And you want to be environmentally sensitive, especially about oceans, lakes, and rivers.

So how can you protect Earth's bodies of water and still enjoy a good shrimp scampi dinner?

A few simple lifestyle changes, such as buying fish that hasn't been obtained from unsustainable sources, can make all the difference. Your decision to buy from suppliers or stores that get their fish from sustainably harvested stocks will help improve how fisheries are managed.

Here are some resources to help you enjoy fish in environmentally good conscience:

Take a look at [Marine Stewardship Council](#). This is an online sustainable seafood product finder.

You can download [sustainable seafood recipes](#) at Monterey Bay Aquarium's Seafood Watch.

Tip adapted from Conservation International¹⁷

Share the Wealth of Knowledge!

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

<https://www.cnbc.com/2018/05/11/us-stock-futures-dow-data-oil-and-politics-on-the-agenda.html>

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

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

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

³ <https://www.marketwatch.com/story/us-oil-prices-hover-at-3-12-year-highs-as-analysts-entertain-the-idea-of-100-crude-2018-05-11>

<https://www.cnbc.com/2018/05/11/us-stock-futures-dow-data-oil-and-politics-on-the-agenda.html>

⁴ <https://www.cnbc.com/2018/05/11/wall-street-underestimates-how-strong-this-tech-rally-is-strategist.html>

⁵ <https://www.cnbc.com/2018/05/11/us-stock-futures-dow-data-oil-and-politics-on-the-agenda.html>

⁶ <https://www.bloomberg.com/news/articles/2018-05-11/better-late-than-never-for-s-p-500-as-tech-ignites-weekly-rally>

⁷ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=485631&cust=wsj-us&year=2018&lid=0&prev=byweek.asp#top>

⁸ <https://www.reuters.com/article/uk-global-forex/cpi-miss-keeps-dollar-below-2018-peak-sterling-falls-idUSKBN1IB027>

⁹ <http://wsj-us.econoday.com/byshoventarticle.asp?fid=494340&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

¹⁰ <https://www.cnbc.com/2018/04/12/asia-markets-trade-geopolitics-stocks-and-currencies-in-focus.html>

<https://www.cbsnews.com/news/tariffs-iran-sanctions-stoke-worries-of-a-global-slowdown/>

¹¹ <http://wsj-us.econoday.com/byshoventarticle.asp?fid=494339&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

¹² <http://wsj-us.econoday.com/byshoventarticle.asp?fid=494340&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

¹³ <https://www.goodhousekeeping.com/food-recipes/dessert/a46792/chocolate-sundae-cupcakes-recipe/>

¹⁴ <https://www.irs.gov/newsroom/things-to-remember-when-considering-early-withdrawals-from-retirement-plans>

¹⁵ <http://golftips.golfweek.com/swing-golf-club-plane-2047.html>

¹⁶ <http://www.diabetes.org/assets/pdfs/basics/cdc-statistics-report-2017.pdf>

<https://www.webmd.com/diabetes/default.htm>

¹⁷ <https://www.conservation.org/pages/tips-to-live-green.aspx#eat-sustainable-seafood>

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