



Jobs Report Calms Volatility

Weekly Update – June 4, 2018

Markets experienced heightened volatility last week, with the S&P 500 rising 0.49% and Dow dropping 0.48%. Meanwhile, the NASDAQ rose 1.62%, as international markets took a small dip, with the MSCI EAFE losing 1.10%.^{1 2}

The markets' highs and lows came from a variety of economic and geopolitical developments. The U.S. jobs report posted solid gains while international trade concerns continued to cause some unease. In this market update, we'll break down the major stories to help you understand what moved markets.

Impressive Jobs Report

Outstanding nonfarm payroll employment numbers rolled in on Friday, and the data supports a strong U.S. economy. Here is a snapshot of some key numbers:³

- Unemployment dropped to 3.8%—its lowest recording in 18 years.
- Payroll growth jumped to 223,000, far beyond the expected 188,000.
- Average hourly earnings climbed 2.7%; as a result, the Fed will likely raise interest rates two more times in 2018.

Taken together, the data gives investors and analysts a positive outlook. With more people working, consumption could rise, which could increase demand on production and keep people employed. Some analysts believe that this cycle should continue, barring any unforeseen disruptions. Meanwhile, the solid data helped ease market tensions and keep the U.S. dollar up, despite concerns of a potential global trade war.⁴

New International Tariffs

On Tuesday, President Trump said the U.S. would implement a 25% tax on \$50 billion worth of products from China, including high-tech investments. This decision seemed to surprise China, as rumors of a trade war had recently calmed.⁵ U.S. and Chinese officials were unable to resolve their dispute over tariffs on Sunday, June 3.⁶

The Trump administration also announced tariffs on metals from Canada, Mexico, and the European Union—all U.S. allies. In an attempt to reduce our trade deficit, Trump placed a 25% tax on steel and a 10% tax on aluminum. International leaders reacted quickly to the news, claiming they may strike back on U.S. goods like orange juice, motorcycles, bourbon, apples, and other products.⁷

What's Ahead?

Next week, we will focus on Tuesday's job openings and Wednesday's international trade reports. Other indicators like jobless claims and factory orders will help balance out a relatively quiet week for economic data.⁸ In addition, we will continue to track developments on trade negotiations and the potential summit between President Trump and North Korean leader Kim Jong-un.⁹

If you have questions about how any of this information may affect you, please contact us. We are happy to help you.

ECONOMIC CALENDAR

Monday: Factory Orders

Tuesday: ISM Non-Manufacturing Index, JOLTS

Wednesday: International Trade Report

Thursday: Jobless Claims

DATA AS OF 6/1/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.49%	2.28%	12.53%	10.89%	6.92%
DOW	-0.48%	-0.34%	16.51%	10.26%	6.90%
NASDAQ	1.62%	9.43%	20.93%	16.93%	11.59%
INTERNATIONAL	-1.10%	-2.85%	5.16%	3.20%	-0.74%
DATA AS OF 6/1/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.74%	2.10%	2.28%	2.74%	2.89%

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.



*“Every day is a bank account, and time is our currency.
No one is rich, no one is poor; we've got 24 hours each.”*

— Christopher Rice



Flourless Fudge Cake



Yields 12

Ingredients:

1 cup (2 sticks) unsalted butter, plus more for pan
8 ounces bittersweet chocolate, chopped
1¼ cup sugar
6 large eggs
1 teaspoon pure almond extract
1 cup unsweetened cocoa powder, plus more for dusting
Whipped cream, for serving

Directions:

1. Heat the oven to 350°F. Lightly grease and lay parchment in 9-inch springform pan.
2. Melt butter and chocolate in medium saucepan on medium-low, stirring until it is combined.
3. Cool slightly after removing from heat, 5 minutes.
4. Mix in sugar and combine.
5. Mix in eggs, 1 at a time.
6. Add almond extract and cocoa powder, and mix until smooth.
7. Put batter in the prepared pan. Bake the mix until it is set in the center, 25-28 minutes.
8. Cool the cake in the pan on a wire rack, 10 minutes.
9. Remove the cake from the pan to let it cool completely.
10. Sprinkle cocoa dust and serve with whipped cream.

Recipe adapted from Good Housekeeping¹⁰



Looking for Regular IRS Updates?

The IRS provides email links to people interested in regular updates on tax tips, tax news, and changes in tax law.

The updates cover a variety of issues and topics, including:

- Alerts on basic tax information
- Tips to learn more about the Tax Cuts and Jobs Act
- Tips from the IRS National Media Relations Office in Washington, D.C.
- Tax guidance tips when the IRS releases advance copies on issues, such as regulations, revenue rulings, revenue procedures, announcements, and notices
- Timely alerts from the IRS's Office of Professional Responsibility
- News on the most recent tax statistics

Go to <https://service.govdelivery.com/accounts/USIRS/subscriber/new> to subscribe.

* 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 the IRS.gov¹¹



Mastering the Downhill Putt

How do you successfully play those challenging greens, the ones that are hilly or fast?

Picture this: Your ball lands on an elevated portion of a green 12 feet from the hole. You tap the ball with your usual force. The hill takes over, adding momentum, and your ball goes sailing past the hole another 10 feet.

Professional golfer Tom Watson has a few tips that may save your day.

He said he practices on a flat green by tapping the ball hard enough to send it only about an inch. The exercise helps the golfer get acquainted with the light touch.

The world's best golfers have said the secret to managing the challenging greens is to master distance control.

“Hitting a putt as softly as possible takes practice,” Watson said.

Players should also practice hitting 30-foot shots from areas both uphill and downhill from holes. The exercise instills a sense of feel in the degree of impact required for different putts.

Varying putt lengths during practice, Watson says, also gives players a better understanding of how the ball rolls on different greens and reinforces how much force is needed for downhill putts. The exercise also helps golfers learn how to avoid those embarrassing occasions when the ball rolls off the green.

Watson said players should learn to maintain a constant grip pressure for the different distance shots.

Golfers should also reduce the putt force if they anticipate the ball rolling in another direction on a hilly green. Watson said balls will usually break more than many players expect.

Tip adapted from Golf Magazine¹²



How to Stay Healthy While Traveling Overseas

You’ve carefully planned your overseas vacation. You know where you want to visit. You know what sights you want to see. You know whom you want to see. And you know where you will be staying.

The only unknown factor in the equation is your health. How do you plan on staying healthy and what precautions are you taking to stay in top shape?

Here are some questions you should ask before crossing the pond:

- Do you need to get any vaccines or take along any medicines?
- Will the food and water be safe in the country?
- Will you be able to get medicine during your trip?
- What will you do if you get sick while traveling?
- Are you at risk for certain health conditions?

Tip adapted from the U.S. Department of Health and Human Service’s Office of Disease Prevention and Health Promotion¹³



5 Easy Steps for Going Green

Nearly a third of planet Earth's land is forest. That means from outer space the two most predominant colors you'd see are blue (the oceans) and green. The rest would mostly be various shades of brown and gray.

With a human habitation of more than 7.6 billion and 4.5 billion years in the bank, Earth deserves recognition.

So, how do you become more environmentally responsive?

Here are 5 green tips to show Earth your appreciation:

1. **Turn if off:** the water faucet, the shower, the TV. When you're not using them, shut them off. Also unplug appliances you don't use often.
2. **Put reusable grocery bags back in your trunk.** It might be easy next time you're shopping to forget about reusable bags. If they're in the trunk, it's easier to remember. You can even return reusable plastic bags to stores (if they take them).
3. **Look for ways to conserve.** Those leftovers? This may seem obvious, but eat them soon. Don't slide them to the back of your refrigerator. Your bathroom towel? Use it 2-3 times.
4. **Jump in the carpool.** Carpooling saves money, creates camaraderie, and helps protect the environment. Bicycling to work is another way of going green. Plus, it's good exercise.
5. **Birds of a feather.** Connect with like-minded people. The social engagement will help inspire you and keep you motivated.

Going green, which is doing your part to help preserve the environment, sometimes just involves a few easy lifestyle habit changes.

Tip adapted from NuEnergy¹⁴

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=SPX®ion=usa&culture=en-US>

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

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

² <https://www.msci.com/end-of-day-data-search>

³ https://www.cnbc.com/2018/06/01/the-5-most-important-numbers-from-fridays-jobs-report.html?_source=newsletter%7Ceveningbrief

⁴ https://www.cnbc.com/2018/06/01/the-5-most-important-numbers-from-fridays-jobs-report.html?_source=newsletter%7Ceveningbrief

<https://www.cnbc.com/2018/05/31/forex-euro-on-course-for-weekly-gain-us-tariffs-hit-cad-peso.html>

⁵ <http://money.cnn.com/2018/05/29/news/economy/china-tariffs/index.html>

⁶ <http://money.cnn.com/2018/06/04/news/economy/global-trade-war/index.html>

⁷ <https://www.usatoday.com/story/news/politics/2018/05/31/trump-follows-through-steel-aluminum-tariff-threat-u-s-allies/658835002/>

⁸ <http://wsj-us.econoday.com/byshoweventarticle.asp?fid=494615&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

⁹ <https://www.cnn.com/2018/06/01/politics/trump-north-korea-letter/index.html>

¹⁰ <https://www.goodhousekeeping.com/food-recipes/dessert/a48194/flourless-fudge-cake-recipe/>

¹¹ <https://www.irs.gov/newsroom/e-news-subscriptions>

¹² <https://www.golfdigest.com/story/tom-watson-master-the-downhill-putt>

¹³ https://healthfinder.gov/HealthTopics/Category/everyday-healthy-living/safety/stay-healthy-when-you-travel#the-basics_1

¹⁴ <https://www.nuenergy.org/5-ways-achieve-environmental-wellness/>

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