



Strength, Growth, and Tension

Weekly Update – June 11, 2018

As last week ended, tension between the U.S. and some of its greatest allies was on the rise. Trade remained a hot-button topic ahead of the G-7 meeting in Canada, but investors seemed largely unfazed by the drama.¹ In fact, all 3 domestic indexes posted strong results: The S&P 500 added 1.62% and the NASDAQ gained 1.21%, with both indexes notching their 3rd week of gains in a row.² The Dow ended Friday up 2.77% for the week—recording both its highest level and largest weekly gain since March.³ International stocks were also up, with the MSCI EAFE increasing by 0.91%.⁴

While geopolitical headlines keep unfolding, new data continues to indicate that the U.S. economy is on solid ground. Let's examine a few updates we received last week:

1. The trade deficit decreased in April.

The latest trade data was largely positive, with the trade deficit hitting a 7-month low and coming in nearly \$3 billion lower than expected. In April, exports reached their highest level in history. The economists at First Trust believe that this strong performance could push the 2nd-quarter Gross Domestic Product (GDP) as high as 5%.⁵

2. The labor market continues to tighten.

The latest Job Openings and Labor Market Survey (JOLTS) gave an interesting perspective on our current labor market.⁶ Right now, more jobs are available than unemployed people looking for them. Since JOLTS began almost 20 years ago, this has never happened before. The data indicates that employers are struggling to hire people for open jobs—and that the economy is at full employment.⁷

3. The services sector is expanding.

May data from the ISM non-manufacturing index showed that the services sector has experienced its 2nd-best beginning of a year since the index launched in 1997. Business activity and new orders had very positive performance, which could contribute to continuing service-sector growth for the months ahead. The report also showed prices increasing and provided more data that employers are having a hard time filling jobs in this tight labor market.⁸

What is ahead this week?

We will receive two major central bank reports this week—and the historic U.S.–North Korea summit is on the docket as well.

President Trump and North Korea's leader Kim Jong Un are meeting on Tuesday. The talks should cover North Korea's nuclear program, but no one can say for sure what market impact it may have.

On a more predictable note, most analysts expect the Federal Reserve to announce its latest interest rate hike on Wednesday. While the markets have likely priced in this increase already, the Fed's projections for the rest of 2018 could affect investor sentiment.

Meanwhile, on Thursday, experts expect the European Central Bank (ECB) will announce a plan to finally wind down its quantitative easing. If the ECB doesn't share a timeline for ending this recession-era program, investors may interpret the move as a sign that policymakers are concerned about the EU's economic outlook.⁹

With a lot to consider this week, we encourage you to remember that many data updates indicate our economy is performing well. As the information unfolds, we're here to help you separate relevant reports from headline hype. Contact us any time if you have questions about how these details may affect your financial life.

ECONOMIC CALENDAR

Tuesday: Consumer Price Index

Wednesday: FOMC Meeting Announcement

Thursday: Jobless Claims, Retail Sales

Friday: Industrial Production, Consumer Sentiment

DATA AS OF 6/8/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	1.62%	3.94%	14.19%	11.08%	7.40%
DOW	2.77%	2.42%	19.52%	10.67%	7.56%
NASDAQ	1.21%	10.75%	20.94%	17.12%	11.94%
INTERNATIONAL	0.91%	-1.97%	6.12%	3.62%	-0.51%
DATA AS OF 6/8/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.78%	2.12%	2.30%	2.77%	2.93%

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.

QUOTE OF THE WEEK



“Wealth is the ability to fully experience life.”

— Henry David Thoreau

RECIPE OF THE WEEK



Thai Beef and Veggie Stir-Fry



Serves 4

Ingredients:

- 1 pound beef sirloin
- 8 ounces green beans
- ¼ cup Thai green curry paste
- 1 13.5-ounce can of unsweetened light coconut milk
- 1 8-ounce can of bamboo shoots

Directions:

1. Cut the beef into thin slices. Add ¼ teaspoon kosher salt to season.
2. Heat a large skillet on medium-high. Spread 1 tablespoon of olive oil on heated skillet. Cook the beef in the skillet until it is browned, 2-3 minutes on each side. Move to a plate.
3. As the beef cooks, cut the green beans in half. Hold for later.
4. Put the Thai green curry paste into the skillet and stir while cooking, 2 minutes.
5. Stir in the unsweetened light coconut milk. Bring the mix to a simmer.
6. Put the green beans into the skillet and cook until the beans are tender, 3-5 minutes.
7. At the same time, pour out the liquid from the can of bamboo shoots.
8. Put the beef and the bamboo shoots in the skillet, and thoroughly heat.
9. Serve the dish over cooked rice. Sprinkle it with fresh basil.

Recipe adapted from Good Housekeeping¹⁰



Learn More about the IRS on Social Media

You and more than half the world love to use social media. The Internal Revenue Service is no different.

The IRS uses YouTube, Twitter, Facebook, and Tumblr.

- **YouTube:** The agency publishes short information videos on tax topics.
- **Twitter:** The agency tweets tax announcements, news releases for tax professionals, and hiring notices.
- **Facebook:** The agency's pages provide information for tax professionals and taxpayers who may need help with IRS issues.
- **Tumblr:** The agency produces blogs about taxes and announcements. The blogs link users to IRS.gov or its YouTube content.

The IRS's updated IRS2Go (<https://www.irs.gov/newsroom/irs2goapp>), a smartphone app, allows users to interact with the agency. The app enables taxpayers to monitor their refunds, make tax payments, and obtain other services.

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

Tip adapted from IRS.gov¹¹



Don't Say This to Beginner Golfers

You're taking your friend for his first golf game. You've provided a few tips and some basic golf instruction. The beginner has spent time at the range. You've been golfing for years, but you've never actually taught another player.

You want to help him and instill the same passion for the game that you've developed. But there's a big problem.

While beginning players face challenges that may lead to frustration and, ironically, serve to inspire, beginning "instructors" may unknowingly disenchant new players from ever playing the game again.

How can you turn off new players from golf in seconds flat? By sprinkling your well-meaning advice heavily with dreaded clichés, said in an overbearing, condescending tone.

Here they are in all their ignominy:

- “Keep your head down.”
- “Keep your eye on the ball.”
- “Straighten your left arm.”
- “Keep your head still.”
- “Pause at the top.”
- “Swing slower.”

“Most of these are detrimental to any golfer,” said Jason Birnbaum, one of Golf Digest’s Best Young Teachers and Director of Instruction at Manhattan Woods Golf Club. “They create tension and are terrible swing thoughts when it comes to improvement.”

Birnbaum urges “instructors” to tell novices to the game to make half swings and to use tees anywhere.

“You want to give them every chance to succeed early,” he said.

One last surefire tip to get new players excited about golf: Don’t keep score.

Tip adapted from Golf Magazine¹²



Listen: Get Your Hearing Checked

If “what,” “pardon me,” or “huh” are increasingly becoming part of your vocabulary, you might be suffering hearing loss.

If you are, you don’t have to feel isolated or alone, and you don’t have to live with it.

- Nearly 1 in 4 Americans between 65-74 have hearing loss.
- Nearly 1 in 2 Americans over 75 suffer hearing loss.

While hearing loss may come with age, noise may also damage your hearing. More than 10 million Americans under 70 have hearing loss from loud noise.

Health experts advise those who think they may have hearing loss to discuss their condition with their doctors. Your doctor may refer you to an audiologist or an otolaryngologist. An otolaryngologist specializes in diseases of the ears, nose, mouth, and throat.

Hearing loss can produce the following problems:

- Inability to hear doorbells or alarms
- Missing directions or warnings
- Feeling isolated or depressed

If you suffer from hearing loss, you can learn ways to make life easier. Contact a health expert today to discover your treatment options.

Tips adapted from Office of Disease Prevention and Health Promotion¹³



How to Go Solar

Solar power is going down. The price of solar photovoltaics (PV) is dropping fast. Since 2008, the cost has fallen more than 75%.

By some estimates, converting to solar power can save homeowners tens of thousands of dollars over 20 years.

Here are some tips for determining whether solar is right for you:

- Is your home a good fit? Is your monthly power bill less than \$100? Winterizing your home might be a better bet.
- Do the math. Check with local providers to determine initial costs.
- How about those incentives and rebates? Do research on federal and state incentives. Rebates can reduce upfront costs by nearly 50%.
- Read the fine print. Before signing a contract with solar PV installers, check the warranties on parts and accessories. After all, you're in this for the long haul.
- Where does the sun shine? Does your roof get adequate exposure? Shade from trees may block access to the sun's rays and heat.
- Check out leasing companies. Going solar can be a big initial investment. In many states, some companies can install PVs for no money down. Visit <https://www.energysage.com/solar/financing/companies/> for more information.

One major advantage to going solar is the long-term cost. The sun isn't about to raise its monthly rates anytime in the next few millennia.

Tip adapted from EarthShare¹⁴

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!

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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://www.marketwatch.com/story/dow-futures-slide-130-points-as-g-7-leaders-feud-over-trade-2018-06-08>

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.marketwatch.com/story/dow-futures-slide-130-points-as-g-7-leaders-feud-over-trade-2018-06-08>

³ <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=%21DJI®ion=usa&culture=en-US>

<https://www.marketwatch.com/story/dow-futures-slide-130-points-as-g-7-leaders-feud-over-trade-2018-06-08>

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

⁵ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/6/6/the-trade-deficit-in-goods-and-services-came-in-at-46.2-billion-in-april>

⁶ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/6/5/the-ism-non-manufacturing-index-rose-to-58.6-in-may>

⁷ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=486198&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

⁸ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/6/5/the-ism-non-manufacturing-index-rose-to-58.6-in-may>

⁹ <https://www.marketwatch.com/story/stock-market-investors-brace-for-week-packed-with-fed-ecb-and-north-korean-drama-2018-06-09?dist=markets>

¹⁰ <https://www.goodhousekeeping.com/food-recipes/easy/a47888/thai-beef-and-veggie-stir-fry-recipe/>

¹¹ <https://www.irs.gov/newsroom/multimedia-center>

¹² <https://www.golfdigest.com/story/dont-ever-say-this-to-beginner-golfers>

¹³ <https://healthfinder.gov/HealthTopics/Category/doctor-visits/screening-tests/get-your-hearing-checked>

¹⁴ <http://www.earthshare.org/2010/09/tips-for-going-solar.html>

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