



Earnings Season Continues

Weekly Update – July 23, 2018

On Friday, July 20, stocks lost a small amount of ground after President Trump escalated his threats of increasing tariffs on China. However, strong quarterly earnings reports from several large companies helped provide balance in the markets.¹ For the week, domestic indexes experienced little movement, as the S&P gained 0.02%, the Dow was up 0.15%, and the NASDAQ dropped 0.07%.² International stocks in the MSCI EAFE had slightly more change, with a 0.63% gain.³

What We Learned Last Week

- **Corporate earnings rose in the 2nd quarter**

As of July 20, 87 S&P 500 companies have released their 2nd quarter data. Of these companies, 83.9% surpassed analysts' estimated results. In fact, the earnings season is going well enough that analysts have increased their growth projections. They now expect to see companies average 22% earnings growth over the past year, up from 20.7% growth projections on July 1.⁴

- **Retail sales increased**

The most recent retail sales data indicated that consumers feel confident in the economy and labor market.⁵ June's strong growth, coupled with upward revisions to May's results, support predictions for healthy Gross Domestic Product (GDP) increases in the 2nd quarter.⁶

- **Industrial production hit a new record**

In June, U.S. manufacturing and mining increased. Overall, industrial production had an annual rate that was 6.1% higher in the 2nd quarter than the 1st quarter of 2018.⁷

- **Housing starts dropped**

The latest housing-start report came in far below estimates. This decline occurred across all U.S. regions as homebuilders shared concerns about materials costs and labor shortages. However, housing start data often fluctuates from month-to-month, and reports show that the 1st half of 2018 is 7.4% higher than the same time period last year.⁸

What Is Ahead This Week

Corporate earnings season continues, and on Friday, we'll receive the initial reading of 2nd quarter GDP. Last week's retail sales and industrial production numbers contribute to very high expectations for economic growth results. Some estimates indicate that GDP could have increased as much as 5.2% in the 2nd quarter—much higher than the 2% growth between January and March.⁹

We will watch these results closely and look for additional perspectives on the economy's underlying strength. If you'd like to know more about what may lie ahead, contact us any time.

ECONOMIC CALENDAR

Monday: Existing Home Sales

Wednesday: New Home Sales

Thursday: Durable Goods Orders, Jobless Claims

Friday: GDP, Consumer Sentiment

DATA AS OF 7/20/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.02%	4.80%	13.28%	10.61%	8.31%
DOW	0.15%	1.37%	15.95%	10.02%	8.10%
NASDAQ	-0.07%	13.28%	22.38%	16.86%	13.10%
INTERNATIONAL	0.63%	-3.20%	2.44%	2.75%	0.45%
DATA AS OF 7/20/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.86%	2.16%	2.41%	2.77%	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.

QUOTE OF THE WEEK



“It takes as much energy to wish as it does to plan.”

— Eleanor Roosevelt

Ginger Pork and Cucumber Salad



Serves 4

Ingredients:

- 1 cup long-grain white rice
- 1 tablespoon canola oil
- 1 pound ground pork
- 2 cloves garlic, finely chopped
- 1 small red chili (seeded if desired), finely chopped
- 2 tablespoons plus $\frac{1}{2}$ tablespoon grated fresh ginger
- 2 tablespoons low-sodium soy sauce
- 4 tablespoons fresh lime juice
- 1 teaspoon brown sugar
- 1 English cucumber, thinly sliced
- 2 scallions, thinly sliced
- 1 cup fresh cilantro
- $\frac{1}{2}$ cup fresh mint

Directions:

1. In a cast-iron skillet, brown ground pork in canola oil, 7 minutes. Add garlic, red chili, and 2 tablespoons grated fresh ginger.
2. Remove from the heat. Add 2 tablespoons of lime juice and 1 tablespoon low-sodium soy sauce. Add $\frac{1}{4}$ cup water if the mix is dry.
3. Mix in 2 tablespoons lime juice, 1 tablespoon low-sodium soy sauce, $\frac{1}{2}$ tablespoon grated ginger, and 1 teaspoon brown sugar.
4. Add and mix in the sliced cucumber and scallions. Then add cilantro and mint. Put pork over rice and serve.

Recipe adapted from Good Housekeeping¹⁰



Valuable Credits Available for Certain Small Businesses*

The IRS is reminding small business owners who provide health insurance coverage to employees about the Small Business Health Care Tax Credit.¹¹

The agency provides tax relief for some small businesses who want to claim the Small Business Health Care Tax Credit but have faced difficulty finding coverage in the Small Business Health Options Marketplace. Notice 2018-27¹² provides small businesses with guidance in calculating the tax credit.

Small businesses qualify for the credit by providing their employees with qualified health plans from the Small Business Health Options Program¹³ (SHOP). The credit may only be used for two consecutive tax years.

The credit is available to businesses that first claimed the credit offered through the marketplace but were unable to find SHOP Marketplace coverage in their area.

The IRS states: “Under the relief, the employer can claim the credit for health insurance coverage provided outside of a SHOP Marketplace for the remainder of the credit period if that coverage would have qualified under the rules that applied before January 1, 2014.”

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

Tip adapted from the IRS.gov¹⁴



Fixing Your Swing

The perfect golf swing. In one moment, you got it. In the next, it's gone. What happened? How can something so apparently simple just disappear?

The answer to why you lost—or never achieved—that spot-on swing may be found in the little changes and tweaks you made along the way. It's the bad habits and slight changes we all make that accumulate until that one game where everything seems to go horribly wrong.

Here are some ways to restore the single most important movement in golf:

Adjust your stance. Golfers over time adopt new habits hoping to gain more power or distance. In the process and over time, their accuracy suffers. So, keep your shoulders parallel to the target line. Sometimes players open their shoulders so they can see their

shots better. In the process, their shoulders point too far left (or to the right, for left-handed players), which is a mistake.

Test your grip. Are you squeezing too hard? Overly tight grips prevent adequate release during the swing. Grip your club at a squeeze rate of 4 on a scale of 1 to 10 with 10 being the strongest.

Turn your shoulders fully as you begin your swing. Rotate your shoulders 90 degrees and your hips 45 degrees in the backswing.

Shift your weight to the left (or right for left-handed golfers) and unwind your hips as you begin your downswing. Your hands and arms should follow.

Tip adapted from Golfweek¹⁵



What Should You Do in a Medical Emergency?

You witness someone clutching his chest. It's a heart attack. What do you do?

Someone is choking. How do you help?

A friend slips and falls. What do you do next?

Accidents and emergencies can happen at any moment. You want to help. But what do you do while you wait for emergency workers to arrive?

Here are four steps to help get you better prepared:

1. Learn when to call 911.
2. Find out what to do if someone is choking or hurt.
3. Take classes in first aid, cardiopulmonary resuscitation (CPR), and automated external defibrillation (AED).
4. Have first aid kits in your car and at home.
- 5.

Tips adapted from U.S. Department of Health and Human Services¹⁶



How to Create Energy-Efficient Lighting

Going green with your lighting isn't about buying green lights. It's about finding ways to conserve energy with the best and most efficient lighting.

Here are some tips to keep you shining brightly and efficiently:

- Make sure you get the correct size bulbs for your fixtures.
- Use LED bulbs, which are the most efficient. LEDs get bright quickly and work with dimmers.
- Look for the Energy Star label. Energy Star verifies manufacturers' claims.
- Recycle your CFLs. Governments often require homeowners to recycle CFL bulbs because of their mercury content. The Environmental Protection Agency provides tips and locations for proper disposal of CFLs.¹⁷
- Invest in lighting controls. Lighting technology, such as photocells and occupancy sensors, automatically dim or turn off lights in rooms when they're vacant or sunlight provides natural light.
- Use smart smartphones. Apps enable users to control their lighting from their phones or tablets.
- Ignore the rumors: Authorities are going to ban incandescent light bulbs. Not true. Learn more about lighting at lumenow.org/ftc-shopping-for-light-bulbs/.

Tip adapted from EarthShare¹⁸

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

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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.reuters.com/article/us-usa-stocks/wall-street-slips-as-trade-worries-dampen-upbeat-earnings-idUSKBN1KA1JK?il=0>

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=DJI®ion=usa&culture=en-US>

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

³ <https://www.msci.com/end-of-day-data-search>

⁴ <https://www.reuters.com/article/us-usa-stocks/wall-street-slips-as-trade-worries-dampen-upbeat-earnings-idUSKBN1KA1JK?il=0>

⁵ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=495386&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

⁶ <https://www.reuters.com/article/us-usa-economy/strong-u-s-retail-sales-brighten-economic-outlook-idUSKBN1K61KV>

⁷ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/7/17/industrial-production-rose-0.6percent-in-june>

⁸ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/7/18/housing-starts-declined-12.3percent-in-june>

⁹ <https://www.cnn.com/2018/07/16/industrial-production-june.html>

¹⁰ <https://www.goodhousekeeping.com/food-recipes/easy/a19855090/ginger-pork-and-cucumber-salad-recipe/>

¹¹ <https://www.irs.gov/affordable-care-act/employers/small-business-health-care-tax-credit-and-the-shop-marketplace>

¹² <https://www.irs.gov/pub/irs-drop/n-18-27.pdf>

¹³ <https://www.healthcare.gov/small-businesses/provide-shop-coverage/shop-marketplace-overview/>

¹⁴ <https://www.irs.gov/newsroom/irs-issues-guidance-for-small-businesses-about-valuable-credit>

¹⁵ <http://golftips.golfweek.com/fix-golf-swing-1032.html>

¹⁶ <https://healthfinder.gov/HealthTopics/Category/everyday-healthy-living/safety/learn-first-aid>

¹⁷ <https://www.epa.gov/cfl>

¹⁸ <http://www.earthshare.org/2013/01/lightingtips.html>

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