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## A Shaky Start to September

Weekly Update – September 10, 2018

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Domestic markets fell last week due to negative trade news and declining tech stocks, with the S&P 500 and Dow both breaking their multi-week winning streaks. Meanwhile, the NASDAQ posted losses for 4 days in a row for the first time since April and experienced its worst September start since 2008.<sup>1</sup> Overall, the S&P 500 lost 1.03%, the Dow dropped 0.19%, and the NASDAQ gave back 2.55% for the week.<sup>2</sup> International stocks in the MSCI EAFE also declined, losing 2.89%.<sup>3</sup>

The Cboe Volatility Index (VIX), which can help gauge market fears, increased 15.8% last week.<sup>4</sup> This increase matches what often occurs during September, when volatility returns after waning during the summer months. In fact, since 2007, volatility has been above average in September.<sup>5</sup>

Of course, the change from one month or season to another isn't enough to trigger market losses and rising volatility. Let's analyze what drove these experiences last week.

### **1. Trade tension escalated between the U.S. and China.**

The U.S. is getting closer to resolving trade issues with Mexico, Canada, and the European Union—and the countries may unite against China's trade approach. As a result, the likelihood of calming the trade dispute between the U.S. and China is fading.<sup>6</sup> Last week, President Trump said he was prepared to add tariffs to another \$267 billion in Chinese goods. These tariffs would be in addition to the \$200 billion that may launch soon, which one expert said could reduce the S&P 500 by 5%.<sup>7</sup>

### **2. Tech stocks dropped.**

Last week, the technology sector declined by 2.9%.<sup>8</sup> Tech has performed better than any other sector this year and has been a market leader for 3 years. But concerns about increasing regulation—with a focus on social media companies—weighed on investors' minds last week.<sup>9</sup>

### **3. Wage growth increased.**

The latest jobs report surpassed expectations, with the economy adding 201,000 jobs in August. Year-over-year wage growth also rose more than expected and hit its fastest pace since 2009.<sup>10</sup> This wage increase contributed to stock losses, because it could mean that 2018 will have 2 additional interest rate increases—with more on the horizon for 2019.<sup>11</sup>

Last week certainly provided data and headlines for investors to digest. But the job market, economic fundamentals, and market remain strong.<sup>12</sup> For the moment, we'll continue to review the data we receive and seek new ways to help you prepare for what lies ahead.

## ECONOMIC CALENDAR

**Tuesday:** JOLTS

**Thursday:** CPI, Jobless Claims

**Friday:** Retail Sales, Industrial Production, Consumer Sentiment

DATA AS OF 9/7/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	-1.03%	7.41%	16.49%	11.65%	8.74%
DOW	-0.19%	4.84%	18.97%	11.67%	8.73%
NASDAQ	-2.55%	14.47%	23.52%	16.64%	13.36%
INTERNATIONAL	-2.89%	-7.09%	-2.23%	1.79%	1.28%
DATA AS OF 9/7/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.98%	2.30%	2.53%	2.82%	2.94%

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.

## QUOTE OF THE WEEK



*"The four most expensive words in the English language are,  
'This time it's different.'"*

— Sir John Templeton

## White Bean and Broccoli Salad



Serves 6

### Ingredients:

Kosher salt  
Pepper  
1 pound broccolini, trimmed (about 3 bunches)  
3 tablespoons olive oil  
1 teaspoon lemon zest plus 2 tablespoons juice  
2 tablespoons honey mustard  
½ teaspoon red pepper flakes  
2 tablespoons capers, drained and chopped  
1 15.5-ounce can small white beans, drained

### Directions:

1. Cook broccolini in a large pot of salted boiling water for about 2 minutes, until the stalks are crisp-tender.
2. Drain water and place the broccolini in an ice bath to cool. Drain. Pat the broccolini dry. Cut into large pieces.
3. Dash together oil, lemon zest and juice, mustard, red pepper flakes, and ¼ teaspoon each of salt and pepper in a large bowl. Mix in capers.
4. Put in broccolini and beans. Toss to coat the mix.

Recipe adapted from Good Housekeeping<sup>13</sup>



## What Do You Need to Know About Amending Your Tax Return?

If you discover you made a mistake on your tax return, you can still file an amended return with corrections. Mistakes may involve filing status, income levels, credits, or deductions.

Here are some tips for filing an amended return:

- Fill out paper Form 1040X, Amended U.S. Individual Income Tax Return. Mail the form to the address in the form's instructions. If you received an IRS notice, send the form to the address in the notice.
- Include other IRS forms or schedules with Form 1040X (if you used them during your initial filing).
- Don't send an amended return to correct math errors. The IRS makes corrections.
- Don't send an amended form if you forgot to include required forms or schedules. The IRS sends notices requesting any missing items.
- You'll need to send separate 1040X forms (in separate envelopes) for each year you're filing amendments.
- Wait for the refund from the original return before filing an amended return. You may cash the refund check.
- If you owe money and are sending an amended return, pay the tax as soon as possible. Interest and penalties accrue.
- Processing amended forms may take up to 16 weeks.

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.gov<sup>14</sup>



## How Do You Make Lob Shots Easy?

You weren't that far from the hole when you made that shot. But it missed anyway, and now your ball is in the rough. Your best shot at this distance—maybe 5 feet—is a lob.

You need to knock that ball nice and high and drop it gently near the flag. What's the secret?

Create some cushion under the ball. If the ball's on hardpan, pitch onto the green and hope to do a two putt.

Hold your club with the most loft. Get into a wider stance. As you set up, keep the handle low. This puts you in position for a shallow swing. The wedge drives through the turf and strikes the ball with high loft. The ball flies high and bounces gently toward the hole.

Tip adapted from GolfDigest<sup>15</sup>



## Dealing with Sleep Apnea

You may fall asleep easily. But you never seem to get a good night's rest. You may have sleep apnea, a breathing disorder that disrupts your sleep.

Those at greatest risk are men, overweight people, and people over 40. Risks include hypertension, stroke, or heart failure.

Sufferers stop breathing sometimes hundreds of times during sleep, which can restrict oxygen to your brain.

The two types of sleep apnea are:

Obstructive sleep apnea occurs when soft tissue in the back of the throat collapses during sleep, causing an airway blockage during sleep.

Central sleep apnea happens when your brain fails to tell your muscles to breathe. While your airway isn't blocked, your respiratory control center is unstable.

Sleep apnea symptoms include:

- Sore or dry throat after waking
- Loud snoring

- Choking or gasping when you wake up
- Sleepiness or low energy during the day
- Headaches in the morning
- Restless sleep
- Awakening frequently during the night or insomnia

You can take a sleep apnea test to diagnose if you have this disorder. The test can be done at a clinic or at your home.

Treatment may include losing weight, avoiding alcohol or sleeping pills, changing sleep positions, or stopping smoking. Doctors may prescribe the use of CPAP therapy or surgery.

Other treatments may be available. Consult your doctor for more information.

Tips adapted from WebMD<sup>16</sup>



### **No Pane, No Gain: the Problem with Windows**

Autumn starts in less than two weeks. And that means lower temperatures and time to check out your home insulation.

The biggest culprit in home insulation problems is windows, experts say. Nearly 25% of a home's heat can escape through windows.

Here are some simple tips to keep you warm and save utility costs:

- Install weather stripping around leaky doors and windows.
- Seal warped or single-glazed windows with stretch-seal sheeting.
- Window quilts or shutters help block out the cold in the winter and the heat in the summer.
- Remove window air conditioners. Or wrap the unit in fiberglass insulation and seal with plastic sheeting.
- Use glazing compound on leaky wooden windows.

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

#### ***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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<sup>1</sup> <https://www.cnbc.com/2018/09/07/us-markets-jobs-report-and-data-in-focus.html>

<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=DJI&region=usa&culture=en-US>

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

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

<sup>4</sup> <https://www.cnbc.com/2018/09/07/us-markets-jobs-report-and-data-in-focus.html>

<sup>5</sup> <https://www.bloomberg.com/news/articles/2018-09-07/summer-s-end-breaks-s-p-500-s-momentum-as-tech-trade-war-bite?srnd=markets-vp>

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<sup>6</sup> <https://www.marketwatch.com/story/near-term-likelihood-of-us-china-trade-pact-seen-dimming-2018-09-07>

<sup>7</sup> <https://www.bloomberg.com/news/articles/2018-09-07/summer-s-end-breaks-s-p-500-s-momentum-as-tech-trade-war-bite?srnd=markets-vp>

<sup>8</sup> <https://www.marketwatch.com/story/stock-futures-point-to-lower-open-after-jobs-report-sp-500-could-have-4th-down-day-2018-09-07?dist=markets>

<sup>9</sup> <https://www.cnbc.com/2018/09/07/us-markets-jobs-report-and-data-in-focus.html>

<sup>10</sup> <http://wsj-us.econoday.com/byshoventfull.asp?fid=485659&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

<sup>11</sup> <https://www.marketwatch.com/story/stock-futures-point-to-lower-open-after-jobs-report-sp-500-could-have-4th-down-day-2018-09-07?dist=markets>

<sup>12</sup> <https://www.marketwatch.com/story/stock-futures-point-to-lower-open-after-jobs-report-sp-500-could-have-4th-down-day-2018-09-07?dist=markets>

<sup>13</sup> <https://www.goodhousekeeping.com/food-recipes/easy/a21753403/white-bean-and-broccolini-salad-recipe/>

<sup>14</sup> <https://www.irs.gov/newsroom/what-taxpayers-should-know-about-amending-a-tax-return>

<sup>15</sup> <https://www.golfdigest.com/story/lob-shots-made-easy>

<sup>16</sup> <https://www.webmd.com/sleep-disorders/sleep-apnea/default.htm>

<sup>17</sup> <http://www.earthshare.org/2008/09/windows-and-ene.html>

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