



Examining October

Weekly Update – October 22, 2018

Stock performance was mixed last week as investors considered the impact of interest rates, international affairs and corporate earnings.¹ The S&P 500 gained 0.02%, and the Dow added 0.41% to post its first weekly gains in October. The NASDAQ declined 0.64% and extended its losing streak.² International stocks in the MSCI EAFE dropped by 0.08%.³

While the final weekly results showed relatively little growth or loss, the week included some volatility.⁴ So far, domestic indexes have struggled this month. As of October 19, the S&P 500 and Dow had each lost more than 3% for the month, and the NASDAQ was down 7%.⁵

As we have often discussed in our market updates, volatility may feel uncomfortable, but market fluctuations are normal. That perspective becomes especially relevant in October, which is considered the most volatile month for markets.⁶

Examining October History

Historical performance can't predict future results. However, we do believe that understanding what makes October unique can help provide context for the current environment.

- **Significant market events**

For generations, many of the most significant market events have taken place in October, including the crash of 1929 and multiple large drops in 2008. In addition, last Friday, October 19, marked the 31st anniversary of the "Bloody Monday" market crash. On that date in 1987, the S&P 500 lost over 20% of its value.⁷

- **Higher than normal volatility**

Since 1950, the S&P 500 has experienced more 1% moves in October than any other month.⁸ The month has also been the Dow's most volatile since its beginning in 1896.⁹

- **Surprising performance**

Despite the large events and high volatility that October can bring, its results may be stronger than expected. For the past 20 years, October has had the strongest performance of any month.¹⁰

Exactly how this month will end remains to be seen, as we still have a few trading days left. But we hope that understanding how much markets often move in October will help you ride out any future volatility with more confidence. Of course, we're also here to provide any answers or information you need, so contact us any time.

ECONOMIC CALENDAR

Wednesday: New Home Sales

Thursday: Durable Goods Orders, Jobless Claims

Friday: GDP, Consumer Sentiment

DATA AS OF 10/19/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.02%	3.52%	8.03%	9.67%	11.40%
DOW	0.41%	2.93%	9.85%	10.56%	11.14%
NASDAQ	-0.64%	7.90%	12.78%	13.73%	15.85%
INTERNATIONAL	-0.08%	-9.82%	-7.81%	-0.31%	3.91%
DATA AS OF 10/19/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	2.19%	2.48%	2.67%	3.05%	3.20%

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

"If your ship doesn't come in, swim out to meet it!"
— Jonathan Winters



Baked Shrimp with Feta



Serves 4

Ingredients:

1½ pounds peeled/deveined medium shrimp, tails removed (thaw if needed)
3 tablespoons garlic-basil Italian dressing
Large zip-top bag
1 medium onion, finely chopped
2 tablespoons fresh Italian parsley, coarsely chopped
1 tablespoon olive oil
2 teaspoons minced garlic
½ teaspoon crushed red pepper
1 cup tomato-basil pasta sauce
1 teaspoon dried oregano
7 ounces deli feta cheese

Directions:

1. Heat oven to 400°F.
2. Put shrimp and dressing in the bag.
3. Let it marinate in the bag for 10 minutes.
4. Chop the onion and parsley.
5. Heat large sauté pan on medium, 2-3 minutes.
6. Put oil in heated pan and add onions. Cook 4-5 minutes until softened.
7. Mix in garlic and pepper.
8. Mix in pasta sauce and oregano with the onion mix.
9. Cook while stirring, 2-3 minutes.
10. Mix in shrimp and parsley.
11. Lay shrimp and onion mix throughout the 9-inch square baking dish.
12. Sprinkle crumbled feta on top.
13. Bake for 12-15 minutes or until shrimp are pink and cheese has browned.
14. Serve.



Use the Paycheck Checkup if You Have Other Sources of Income

If you're working for an employer and have other income sources outside your job, you should get a Paycheck Checkup. For more information, go to <https://www.irs.gov/newsroom/time-for-a-paycheck-checkup>.

Doing a paycheck checkup with the Withholding Calculator may help you avoid paying taxes at tax filing time. Go to <https://apps.irs.gov/app/withholdingcalculator/>.

Other income sources may come, for example, from the exchange of products and services in a sharing economy, interest, dividends, self-employment, capital gains, prizes, or awards.

Taxpayers may find the calculator especially important this year in the wake of changes to the tax code from the Tax Cuts and Jobs Act.

Here are some items to consider if you're thinking about changing your withholdings to avoid a tax bill:

- You should pay at least 90% of your income tax through withholding.
- You can use Form W-4 to make adjustments to your income if the Withholding Calculator estimates you will have to pay taxes. Go to <https://www.irs.gov/pub/irs-pdf/fw4.pdf>.
- If you're generating income from other sources, you can still reduce or eliminate the possibility you'll pay taxes by claiming fewer withholding allowances on your Form W-4.
- You may also request your employer withhold an additional amount of money from your paycheck if you anticipate having to pay taxes at filing.
- If you have to make additional tax payments through your paycheck, you may use Form 1040-ES, Estimated Tax for Individuals, to calculate an appropriate amount. Go to <https://www.irs.gov/pub/irs-pdf/f1040es.pdf>.

For additional questions, go to <https://www.irs.gov/payments>.

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 the IRS.gov¹²



Send It Soaring Even Farther

Just a short distance. Maybe five yards. Ten yards would be nice. That's all you want. What's the secret to adding yards to your drive?

The short answer: Do what the pros do.

The longer answer? Amateurs tend to strike too low on the face of the ball during their drives, creating high spin and a low launch.

The way to achieve distance is by making sure your driver face hits the ball's "sweet spot," which is slightly above the ball's center. The result, if done correctly: Your ball goes farther.

Let's go a little deeper into how you do it. As your club is moving in the downswing and approaching the ball, it should feel like the driver will brush through the grass. By focusing on your swing in this manner, your club tends to move slightly upward prior to impact. This gives the impact an immediate boost.

Let's explore the turning movement during your downswing. To produce more punch at impact, you must transfer the energy in your body and arms into your clubhead. Make the turn with your shoulders, but don't strain yourself in the movement.

Here's how it should feel in your feet with this power swing: You should feel pressure in the instep of your back foot. The foot that is closest to the target should feel light. During the downswing, you push hard into the ground with your front foot.

Practice this movement a few times to get the feel of it.

Tip adapted from GolfDigest¹³



What is DVT?

It's DVT for short: deep vein thrombosis. DVT refers to the formation of a blood clot in your veins, often deep within one of your legs.

Each year, as many as 900,000 people in the United States may be affected by the condition.

If you have DVT, your chance of getting it again in the next 10 years is about 33%.

About half the people with DVT will experience long-term complications, such as swelling, discoloration, and scaling.

Biologically, DVT sends parts of clots through the bloodstream to your lungs or other vital organs, which can lead to organ damage or death.

Symptoms may include a leg swollen below your knee, which may produce redness and tenderness. However, half of DVT sufferers show no visible symptoms.

Damages or injuries to your veins' inner linings or thick, slow-flowing blood may cause DVT.

Doctors look for signs of DVT by asking you about your medical history and the medications you take. You may also undergo an ultrasound test to evaluate blood flow and to spot clots.

Treatments may include blood-thinner medications, which reduce your blood's "stickiness."

A vena cava filter may help with difficult cases in catching breakaway clots.

Compression stockings may help keep the blood in your legs flowing. Elevating your legs also helps alleviate discomfort and swelling.

Exercise may also prevent the onset of DVT by reducing your weight and increasing blood flow.

Tips adapted from WebMD¹⁴



Clutter, Clutter, Clutter!

Clutter is defined as "a crowded or confused mass or collection." We all understand clutter. We strive to reduce it, but inevitably, for many of us, it always seems to return.

So, how can we win this battle against clutter, once and for all?

Here are six tips for killing the clutter:

1. **Respect your stuff.** When you buy a lot of stuff, you devalue it. Put more thought into what you buy. Make thoughtful purchases.
2. **Categorize it:** 1) stuff you use and love; 2) stuff you want to keep, but you don't know why; 3) stuff that may not work anymore or is out of style; 4) stuff that definitely doesn't work. (Stuff in categories 2-4, you can give away, fix, or send to recycling.)
3. **Get a buddy.** Enlist a friend or family member to help you with your decluttering.
4. **Do digital.** A lot can be stored digitally: books, music, photographs, videos.

5. **Just say no, to more shopping.** Shopping can be addicting and sometimes unsatisfying. Once you've decluttered, resist returning to your old ways. Buy only what you need.
6. **Don't go with disposables.** They slowly create the clutter creep: bottled water, razors, takeout containers, and just random junk you know you don't need or will ever use. Choose smart alternatives.

Living a clutter-free life reduces stress and can even save you money.

Tip adapted from EarthShare¹⁵

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.cnbc.com/2018/10/19/wall-street-futures-point-to-a-slight-rebound-after-the-dow-sheds-300-points.html>

² <https://www.cnbc.com/2018/10/19/wall-street-futures-point-to-a-slight-rebound-after-the-dow-sheds-300-points.html>

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

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<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.cnbc.com/2018/10/19/wall-street-futures-point-to-a-slight-rebound-after-the-dow-sheds-300-points.html>

⁵ <https://www.cnbc.com/2018/10/19/wall-street-futures-point-to-a-slight-rebound-after-the-dow-sheds-300-points.html>

⁶ <https://www.marketwatch.com/story/fasten-your-seat-belt-october-is-almost-here-2018-09-25>

⁷ <https://www.cnbc.com/2018/10/15/this-chart-shows-why-october-has-such-a-scary-reputation-on-wall-street.html>

<https://www.marketwatch.com/story/dow-poised-to-jump-100-points-at-the-open-as-stock-market-aims-to-follow-china-rebound-2018-10-19?dist=markets>

⁸ <https://www.cnbc.com/2018/10/15/this-chart-shows-why-october-has-such-a-scary-reputation-on-wall-street.html>

⁹ <https://www.marketwatch.com/story/should-investors-fear-october-a-historic-jinx-month-for-stocks-2018-09-26>

¹⁰ <https://finance.yahoo.com/video/ryan-detrick-markets-210928786.html?format=embed>

¹¹ <http://www.publix.com/recipes-planning/aprons-recipes/baked-shrimp-with-feta>

¹² <https://www.irs.gov/newsroom/employees-with-other-sources-of-income-should-do-a-paycheck-checkup>

¹³ <https://www.golfdigest.com/story/give-your-tee-shots-an-instant-boost>

¹⁴ <https://www.webmd.com/dvt/ss/slideshow-deep-vein-thrombosis-overview>

¹⁵ <https://www.earthshare.org/10-tips-to-clear-the-clutter/>

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