



Markets Bounce Back

Weekly Update – November 5, 2018

Markets posted strong gains last week after struggling for much of October. The S&P 500 had its best weekly performance since May, and the NASDAQ had its first positive week since September.¹ Despite domestic markets dropping on Friday, November 2, the S&P 500 added 2.42%, the Dow increased 2.36%, and the NASDAQ gained 2.65%.² International stocks in the MSCI EAFE were also up 3.34%.³

What drove market performance last week?

We received a fair amount of data and reports, with the following details holding particular weight for investors:

- **U.S.–China trade updates were inconsistent.**

Stocks fluctuated widely on Friday, in large part because of contradictory updates on a potential trade deal between the U.S. and China. President Trump said the two countries are a lot closer to an agreement. Larry Kudlow, Trump's economic advisor, shared a different perspective, indicating the U.S. is not working out a trade deal with China. These conflicting reports contributed to volatility in the markets as investors tried to determine exactly where we stand.⁴

- **U.S. corporate earnings were strong but imperfect.**

So far, the 3rd quarter earnings season has been a strong one. Of the 74% of S&P 500 companies that have released their data, 78% have beaten their earnings-per-share estimates, and earnings have grown 24.9% year-over-year.⁵ However, concerns for at least one major tech company's projections affected investor behavior.⁶ In addition, analysts predict that in 2019, earnings growth will not match the double-digit results we've experienced this year.⁷

- **Labor market growth beat expectations.**

The economy added 250,000 jobs in October, a stronger increase than expected. Wages also rose, posting 3.1% growth over the prior year, the fastest annual growth since 2009.⁸ Investors interpreted these results to mean that the Federal Reserve would continue raising interest rates at its projected pace.⁹

Where should you go from here?

If you felt at all whipsawed by last week's price fluctuations, especially after October's declines, you weren't alone. Even if you know that market volatility is normal, it can feel intense in the moment. Right now, many investors are also jumping in and out of popular, crowded stocks, causing market levels to shift more quickly than many people are used to. To navigate these accelerated changes, you need to remove emotion from investing decisions and stick to your long-term vision even more.¹⁰

Rather than trying to predict what stocks will do in the immediate future, we are here to help you plan for the financial life and legacy you desire. Please let us know if you have any questions about where you are and how to pursue your future.

ECONOMIC CALENDAR

Monday: ISM Non-Manufacturing Index

Tuesday: JOLTS

Thursday: Jobless Claims

Friday: PPI-FD, Consumer Sentiment

DATA AS OF 11/2/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	2.42%	1.85%	5.55%	9.10%	10.89%
DOW	2.36%	2.23%	7.46%	10.11%	10.48%
NASDAQ	2.65%	6.57%	9.56%	13.41%	15.64%
INTERNATIONAL	3.34%	-10.42%	-8.78%	-0.23%	4.02%
DATA AS OF 11/2/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	2.19%	2.50%	2.70%	3.04%	3.22%

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

“Time well spent results in more money to spend, more money to save, and more time to vacation.”

— Zig Ziglar



Healthy Homemade Carrot Cake



Serves 12

Ingredients:

For Cake

- ½ cup unsweetened applesauce
- 1 cup unsweetened almond milk
- 2 teaspoons pure vanilla extract
- 1 cup granulated sugar
- ½ cup coconut oil, melted (can substitute canola oil)
- 2 ¼ cups cake flour
- 3 teaspoons baking powder
- 1 teaspoon baking soda
- 3 teaspoons cinnamon
- ½ teaspoon nutmeg
- 1 teaspoon salt
- 2 cups grated carrots, medium packed
- ½ cup chopped raisins (optional)
- ¼ cup chopped walnuts (optional)

For Frosting

- ½ cup dairy free cream cheese (such as Toffutti)
- ½ cup vegan butter, softened (such as Earth Balance)
- 1 teaspoon vanilla extract
- ¼ cup all-purpose flour (soy flour works great, too!)
- 2 cups confectioners sugar

Directions:

For Cake

1. Heat oven to 350°F.
2. Grease lightly and flour two 9-inch round cake pans or a 9x11-inch baking pan. Set aside.
3. Mix applesauce, milk, vanilla, sugar, and oil together in a large mixing bowl.
4. Whisk cake flour, baking powder, baking soda, cinnamon, nutmeg, and salt together in a separate mixing bowl.
5. Mix dry and wet ingredients together until combined.
6. Add in carrots and (optional) chopped raisins.
7. Bake 20-30 minutes (or until a toothpick inserted in the cake's center comes out clean).
8. Put on wire rack to cool for 10 minutes.
9. Let the cake cool completely before adding frosting.

For Frosting

1. As the cake is cooling, use an electric mixer to beat cream cheese and butter together until the mix becomes smooth and creamy.
2. Add the vanilla extract and continue beating until it is combined.
3. Slowly add flour and confectioners sugar and continue to beat on high until it is light and fluffy.
4. Continue to add sugar until the frosting reaches the desired consistency.
5. Cool the frosting in the refrigerator for 20 minutes before applying it to the cake.
6. Frost the top of one cake. Place the second cake on top. Continue to layer frosting on the rest of the cake.
7. Sprinkle the chopped walnuts on the cake if desired.
8. Put in the refrigerator.

Recipe adapted from Bakerette¹¹



What Do the Different Filing Statuses Mean?

What are you? That may sound like a trick question, but we're talking taxes. The IRS provides five different filing statuses: single, married filing jointly, married filing separately, head of household, or qualifying widow(er) with dependent child.

You can only choose one, right? No, not necessarily.

Is it important which filing status you claim? Yes, it's very important. Your status will determine how much taxes you'll have to pay.

Ideally, you should choose a category that allows you to pay the least amount in taxes.

So, what do the different categories mean, and which one should you choose?

- **Single:** Use this if you are not married or are divorced or legally separated under your state law.
- **Married filing jointly:** If you're married, you can file a joint return with your spouse. If your spouse dies, you can file in this category during the year of your spouse's death.
- **Married filing separately:** If you're married, you may file two separate returns. This may allow you to pay less taxes. However, if you're interested in this option, you should try preparing your taxes both jointly and separately (before filing) to determine which one allows you to pay less taxes. This may also work if both you and your spouse want to retain individual responsibility for each own's taxes.
- **Head of household:** You may use this filing status if you're not married (in most cases). The IRS has special rules for using this one; you may use this if you paid more than half of the costs for upkeeping the home where you and a qualifying person live.
- **Qualifying widow(er) with dependent child:** You can use this status if your spouse died in the previous two years and you have a dependent child.

Check the IRS rules carefully to determine your filing status: <https://www.irs.gov/help/ita/what-is-my-filing-status>.

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



Don't Fret Over the Uphill Putts

The good news: You've landed the golf ball on the green.

The bad news: The hole is about 50 feet away. And it's uphill.

The first scenario: You make a short, punchy putt, and the ball doesn't make it even half the distance to the hole. Then it rolls back downhill about a dozen feet back toward you.

The second scenario: You make a longer, smoother putt, hoping to surmount the hill. With the added force, your ball rolls smoothly and confidently over the hill and right past the hole.

The third (and ideal) scenario: You knock the ball with a little more force to create the additional speed and you accomplish your goal. It rolls in or near the hole. Success!

The trick: Create the necessary speed by taking a stable address position with a wide stance. Hit the ball with a longer (but not harder) stroke. The stroke should feel smooth, unhurried.

To get a better frame of reference, imagine you're attempting to hit a draw. This visualization helps to eliminate spin, sometimes the main culprit behind wayward, wandering balls.

To accomplish this, lower your trail shoulder slightly, which is your right one for right-handers.

By incorporating a few simple alterations into your stance and your putt swing, you may be able to eliminate the first and second scenarios in favor of the third.

Tip adapted from GolfDigest¹³



Wrestling with Arthritis

Degenerative arthritis (osteoarthritis) usually produces symptoms of pain and stiffness in your joints. Rheumatoid arthritis and gout are among the more than 100 types of arthritis, which is sometimes referred to as joint inflammation, joint pain, or joint disease.

Arthritis often affects the joints in your wrists, knees, hips, or fingers. It can also involve your connective tissues and organs.

Arthritis afflicts about 20% of adults but is more common in older people. While its cause is unknown, certain conditions and lifestyles can exacerbate or increase the likelihood of developing arthritis. Here are some important factors about the condition:

- **Age:** Older, worn joints may be more prone to arthritis.
- **Gender:** Women are more likely to get the disease.
- **Extra weight:** The stress on your knees and other joints puts you at a greater risk.
- **Injuries:** Joint damage can lead to arthritis.
- **Infection:** Joints infected by bacteria, viruses, or fungi can become arthritic.
- **Work:** Hard, physical labor, especially involving knee bends and squats, makes you more susceptible.

Symptoms of arthritis include:

- Swollen or stiff joints
- Red or warm joints
- Tenderness
- Difficult movements

Seek medical attention if occasional joint pain or stiffness doesn't go away or gets worse. Your doctor may recommend medications, physical therapy, splints, weight loss, or, in rare cases, surgery.

Health-care experts recommend arthritis sufferers educate themselves to help incorporate self-care routines into their schedules.

The best advice may be to start exercising, which may help reduce pain, increase mobility, and postpone disability.

Tips adapted from WebMD¹⁴



Timber! Wasting Tissue and Paper

Following the paper trail is easy in the United States. The average American uses 50 pounds of tissue per year.

To reduce your use of paper (tissue in particular), look for post-consumer recycled material. Get either 100% recycled or FSC-certified tissue. (FSC stands for Forest Stewardship Council.)

Go with e-billing to help reduce paper waste. Paper bills produce nearly two million tons of CO₂.

Plant a tree. One tree can absorb about a ton of carbon dioxide during its lifetime.

Paper and tissue comprise the largest percentage of municipal solid waste. An American office worker uses, on average, 10,000 sheets of copy paper per year.

To reduce paper waste, print on both sides of sheets.

Tip adapted from World Wildlife Fund¹⁵

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.

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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.bloomberg.com/news/articles/2018-11-01/asia-stocks-to-extend-rally-after-trump-xi-call-markets-wrap?srd=markets-vp>

<https://www.marketwatch.com/story/dow-aims-for-4th-gain-in-a-row-ahead-of-jobs-report-apples-stock-sinks-on-outlook-2018-11-02?dist=markets>

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>

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<https://www.cnbc.com/2018/11/02/stock-market-triple-digit-gains-for-dow-nonfarm-payrolls.html>

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

⁴ <https://www.cnbc.com/2018/11/02/stock-market-triple-digit-gains-for-dow-nonfarm-payrolls.html>

⁵ https://www.factset.com/hubfs/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_110218.pdf

⁶ <https://www.cnbc.com/2018/11/02/stock-market-triple-digit-gains-for-dow-nonfarm-payrolls.html>

⁷ https://www.factset.com/hubfs/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_110218.pdf

⁸ <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/11/2/nonfarm-payrolls-rose-250,000-in-october>

⁹ <https://www.bloomberg.com/news/articles/2018-11-01/asia-stocks-to-extend-rally-after-trump-xi-call-markets-wrap?srnd=markets-vp>

¹⁰ <https://www.bloomberg.com/news/articles/2018-11-02/bulls-sit-still-as-u-s-stock-reversals-land-with-record-force?srnd=markets-vp>

¹¹ <http://bakerette.com/healthy-homemade-carrot-cake/#>

¹² <https://www.irs.gov/newsroom/here-are-facts-to-help-taxpayers-understand-the-different-filing-statuses>

¹³ <https://www.golfdigest.com/story/dont-let-uphill-putts-fool-you>

¹⁴ <https://www.webmd.com/arthritis/default.htm>

¹⁵ <https://www.worldwildlife.org/pages/green-tips>

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