



Stocks Advance, Economy Softens

Weekly Update – June 5, 2017

Last week, the S&P 500, Dow, and NASDAQ closed at all-time record highs.¹ The S&P 500 rose 0.96%, the Dow gained 0.6%, and the NASDAQ grew by 1.54%.² Meanwhile, the MSCI EAFE gained 1.64% for the week.³

Despite strong equity markets, bond yields dropped to their lowest point in the year.⁴ The drop in yield caused by rising bond prices, combined with soft employment numbers and low wage growth, could suggest a slowing economy or a tightening labor market.⁵

While the U.S. equity markets advanced to new highs and bond prices rose, other markets were mixed for the week. Pending home sales dropped 1.3% in April, a second straight month of decline.⁶ Oil fell to \$47.66 a barrel, the dollar dropped to a seven-month low against the euro, and gold gained 0.8% closing at \$1,280.20.⁷

Additionally, soft employment numbers and flat wages could lead to a disappointing Q2 Gross Domestic Product (GDP). With an eye on dropping inflation, the Fed will have to decide whether to still raise interest rates.⁸

Mixed Job Numbers and Slow Wage Growth

May's job growth reported an anemic 138,000, well below the expected 185,000. At the same time, average hourly wages increased on a year-over-year basis by only 2.5%. Moreover, the revisions to March and April's payroll numbers fell by 66,000 jobs.⁹ The economy is currently averaging 162,000 new jobs per month for the year—again, well below 2016's 187,000 average.¹⁰

Despite the unemployment rate falling to 4.3%, the lowest it's been in over 15 years, the employment-to-population ratio also fell. Still, the data confirms that demand for experienced and skilled workers exists, while the supply is falling.¹¹

Fed Will Discuss Raising Interest Rates

On June 14, the Fed FOMC will meet to determine if an interest rate increase is in order.¹² Despite the soft employment numbers and an inflation rate below the Fed's target of 2%, traders still believe there is a nearly 88% chance that the Fed will raise rates in June.¹³ However, the market consensus currently suggests only a roughly 50/50 chance for another rate increase before the end of the year.¹⁴

International News and Looking Ahead

Manufacturing in China has posted strong returns. Both the manufacturing and non-manufacturing PMIs reported gains above 50. The numbers suggest that China is on

track to reach its targeted 6.5% growth for the year.¹⁵ This matters because China is the world's second largest economy at \$11 trillion GDP for 2017.¹⁶

Other developments in the international arena could influence markets going forward. Reaction to President Trump's decision to leave the Paris Climate Accord could adversely affect American products in the international markets. The landmark decision also runs the risk of hurting U.S. tech and alternative energy companies.¹⁷

We will continue to follow developing international and national news as they move the markets. As always, if you have questions about how these events may affect your finances, please contact us. We are here to help you remain informed and in control of your financial future.

Economic Calendar

Monday: Factory Orders, ISM Non-Manufacturing Index

Tuesday: JOLTS (Job Openings and Labor Turnover Survey)

Thursday: Jobless Claims

DATA AS OF 6/2/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.96%	8.94%	15.86%	13.80%	4.73%
DOW	0.60%	7.31%	18.88%	11.84%	4.49%
NASDAQ	1.54%	17.14%	26.84%	18.08%	9.21%
INTERNATIONAL	1.64%	13.80%	15.93%	7.87%	-1.71%
DATA AS OF 6/2/2017	1 MONTH	6 MONTH	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	0.82%	1.06%	1.16%	1.71%	2.15%

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



"Honesty is the best policy."
– English proverb, 16th century

RECIPE OF THE WEEK



Savory Thai Turkey Lettuce Wraps



A fresh take on the classic wrap!

Serves 4

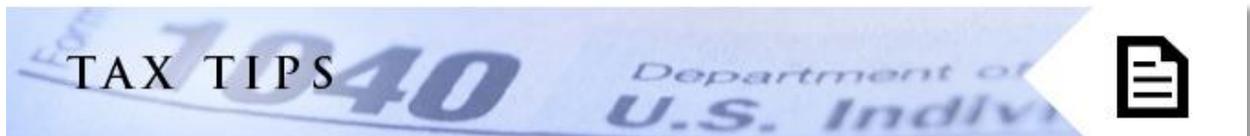
Ingredients:

2 medium bell peppers, seeded and chopped
1 TBSP vegetable oil
3 garlic cloves, chopped
1 pound ground turkey
2 TBSP fish sauce
¼ cup fresh cilantro, chopped
¼ cup fresh mint leaves, chopped
3 TBSP lime juice
½ tsp sugar
Lettuce cups
Sriracha hot sauce, for serving

Directions:

1. Prepare a 12-inch skillet with 1 TBSP vegetable oil on medium-high heat.
2. Add bell peppers, and sauté for 3 minutes.
3. Add garlic, and cook for 30 seconds.
4. Add ground turkey and fish sauce to peppers, and cook for 5 minutes, breaking into crumbles.
5. Remove from heat, and add cilantro, mint leaves, lime juice, and sugar.
6. Serve turkey and peppers mixture in lettuce cups.
7. Garnish with Sriracha hot sauce (optional).

Recipe adapted from Good Housekeeping¹⁸



Understand How Offer in Compromise Works*

Sometimes taxpayers owe more money in taxes than they can afford to pay to the IRS. When this happens, you have the option to file an Offer in Compromise, which allows you to pay less than you owe. If you opt to pursue this route, here are some specific details about Offer in Compromise you should know:

- **Affording the full debt amount**

If you can afford to pay your full debt, you probably will not qualify for Offer in Compromise. Instead, you should pursue other options, such as setting up a payment plan with the IRS.

- **Filing all required tax materials**

In order to apply for an Offer in Compromise, you must have filed all necessary tax paperwork with the IRS.

- **Making an initial payment toward your debt**

The IRS may require you to pay an amount toward your owed taxes when you apply for Offer in Compromise. Any payments will apply toward your debt.

You can find out if you qualify by using the IRS [Offer in Compromise Pre-Qualifier Tool](#). 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 courtesy of IRS.gov¹⁹



Exercise to Improve Your Strength—and Game

Golf may not be the most strenuous sport, but that doesn't mean you should let your athleticism slip. As a golfer, you need endurance and a strong core when facing long, difficult courses. You also need power for maximizing your swing. Making sure to regularly exercise by working on your strength and conditioning will help your game improve. One effective exercise is The Box Step. Easily done at home, this exercise builds strength by engaging your quads, hamstrings, glutes, and hips.

The Box Step

1. Set a box or stack platforms at 12 – 14 inches high.
2. Step up on the box with your right foot, remaining in control of your body.
3. Lift your left knee, pause, and then return your left leg to the starting position. Keep your movements fully controlled and with a soft landing.
4. Rest, then repeat and rotate legs.

Tip courtesy of Golfweek²⁰



Know the Signs of Sleep Apnea

Sleep apnea is a serious health condition that causes interrupted breathing cycles when people are sleeping—and it can lead to a host of problems. Medical ailments such as high blood pressure, diabetes, and heart failure can all result from sleep apnea. To identify if you may be suffering from sleep apnea, check out these common risk factors and symptoms.

Common Risk Factors

Overall, men are more at risk for sleep apnea. Some additional risk factors include if you:

- Are overweight
- Have a large neck that is 17" or greater in men or 16" or greater in women
- Have a deviated septum
- Have large tonsils or a large tongue

Common Symptoms

You are possibly experiencing the effects of sleep apnea if you do the following:

- Snore loudly
- Wake up choking or gasping
- Stay tired or low on energy during the day
- Get restless sleep
- Experience forgetfulness and mood changes

Tip courtesy of WebMD²¹



Control Mosquitos With These Natural Repellents

Controlling mosquitos can quickly become like a summertime hobby. While many commercial products are available to help, they often contain the chemical DEET, which research links to a variety of health complications, including damaged brain cells. Fortunately, nature provides its own ingredients to keep mosquitos at bay. Here are some common natural repellants you can use this summer:

- **Catnip:** Though your cat loves catnip, mosquitos don't. Some studies show that catnip is 10 times more effective at repelling mosquitos than DEET.
- **Garlic:** Good news for garlic lovers! Mosquitos hate it. The more garlic you consume, the more you'll taste like it and thus deter those biting insects.
- **Black Pepper:** When used as an extract, black pepper has shown to ward off mosquitos. You can also try using it as an essential oil.

Want to make your own repellent?

1. Buy the following essential oils:

- Black Pepper
- Catnip
- Citronella
- Lavender
- Neem

2. Mix 6 drops of each into roughly 30 milliliters of an unscented moisturizer or natural oil.

3. Cover your skin with the mixture before going outside. Remember to test for skin allergies on any ingredients before ongoing use.

Tip courtesy of Care2.com²²

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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