



Looking Beyond Politics

Weekly Update – December 4, 2017

Markets went for a wild ride last week—especially on Friday. In fact, on December 1, the S&P 500 had its largest fluctuations since the day after the 2016 presidential election.¹

Nonetheless, two of the major domestic markets hit new record highs on Thursday and ended the week with sizable gains. The S&P 500 added 1.53% and the Dow gained 2.86%.² Meanwhile, the NASDAQ lost 0.60% and international stocks in the MSCI EAFE gave back 0.95%.³

What drove markets last week?

Politics played a large role in market performance last week with big developments on tax reform and the Russia investigation.⁴

Tax Reform

On Thursday, news that the Senate bill was more likely to pass contributed to the Dow and S&P 500 closing at record highs.⁵ Early Saturday morning, the Senate did end up voting in favor of the proposal.⁶

Russia Investigation

On Friday, stocks dropped on news that former National Security Adviser Michael Flynn pleaded guilty to charges of lying to the FBI.⁷

While politics grabbed many of the headlines, we also received economic updates that are worth noting:

Gross Domestic Product

We received the 2nd GDP reading for July – October, and the report came back higher than expected. During the 3rd quarter, the economy grew at 3.3%, which is its quickest pace in 3 years.⁸

Housing Sales

New home sales beat expectations in the most recent report and increased 18.7% year over year. The sales were higher than they've been in a decade.⁹

Consumer Spending

Americans spent and earned more money in October, according to the data we received last week.¹⁰

What should you focus on?

Political developments are affecting daily market performance, so we understand the interest they hold. While you may be following these reports, we also want to ensure you recognize the economic data coming forward, too.

We cannot predict what will happen with tax reform or the Russia investigation. However, we can continue to monitor them while focusing on what's really happening in the economy beyond the headlines. If you ever have questions about how current events may affect your financial life, please contact us any time.

ECONOMIC CALENDAR

Monday: Factory Orders

Tuesday: ISM Non-Mfg Index

Wednesday: ADP Employment Report

Thursday: Jobless Claims

Friday: Consumer Sentiment

DATA AS OF 12/1/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	1.53%	18.02%	20.59%	13.28%	5.96%
DOW	2.86%	22.61%	26.26%	13.22%	6.13%
NASDAQ	-0.60%	27.20%	30.40%	17.87%	9.91%
INTERNATIONAL	-0.95%	18.99%	22.85%	5.19%	-1.40%
DATA AS OF 12/1/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.14%	1.45%	1.62%	2.13%	2.37%

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.



*"Nothing in life is to be feared, it is only to be understood.
Now is the time to understand more, so that we may fear less."*

— Marie Curie



Mustard-Crusted Mini Meatloaves



Serves 4

Ingredients:

- 1 ¼ pound ground meat, beef or dark-meat turkey
- 1 small zucchini, grated
- ⅓ cup seasoned bread crumbs
- Kosher salt
- Black pepper, freshly ground
- 2 tablespoons Dijon mustard
- 3 small Gala or Empire apples, cored and sliced into 8 pieces
- 1 teaspoon fresh rosemary, chopped
- ¼ teaspoon cayenne pepper, ground
- 1 tablespoon extra-virgin olive oil
- chopped chives

Directions:

Meatloaf

1. Mix ground meat, zucchini, bread crumbs, and ½ teaspoon each salt and pepper in a large bowl.
2. Divvy up meat into 4 mini meatloaves and place on baking sheet lined with foil.
3. Brush each loaf with Dijon mustard.

Apples

4. Toss apple wedges with rosemary, cayenne, olive oil, and a pinch of salt until coated.
5. Place them around the meatloaves on the baking sheet, and bake at 425°F until thoroughly cooked, either for 30 minutes or until meatloaf heats to 165°F.

Serve

6. Garnish meatloaf and apples with chopped chives, and serve.

Recipe adapted from Good Housekeeping¹¹



Report Income From Hobbies

Many people do side hobbies for fun that also happen to bring in extra income. Whenever taxpayers make money from their hobbies, they must report the income to the IRS. Here are some tips to help you correctly claim your income and expenses:

1. **Discern between a hobby or business:** The IRS taxes income differently depending on whether it's a true hobby or for-profit business. You can [answer the IRS checklist](#) for identifying which type of income you have to help guide you.
2. **Deduct expenses:** Your hobby probably has ordinary and necessary expenses that you must spend in order to do it, such as buying yarn to knit scarves. You can deduct any expenses that fall within these categories.
3. **Follow deduction limits:** You can only deduct approvable expenses up to the amount you brought in for income.

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 IRS.gov¹²



Remove Choppiness in Your Swing

A good swing requires the ability to focus and hit with precision and power. As you swing, it's important to remove any choppiness. To get it right, imagine driving a spike into a log. Here's how to practice:

- **Envision chopping wood:** Imagine a log in front of you. Now, pretend to chop the wood, which most likely will cause you to swing at an abrupt angle. This is the angle that causes choppiness in your swing.
- **Pretend to drive a spike into the log instead:** Now, rather than chop wood, pretend you're driving a spike into the log. When you swing, imagine you need to hit level with the spike's head.

Hitting head on, instead of at an angle, will help dial in your swing. If you can act like you are driving a spike, you can gain control in your swing.

Tip adapted from PGA¹³



Understand Sinusitis

Sinusitis causes your hollow sinus cavities to become infected or swell, most commonly around your eyes and cheeks. The result can be a painful, mucous-ridden sickness.

What causes sinusitis?

A variety of triggers can cause sinusitis, such as:

- Existing cold or viral infections
- Atmospheric conditions like air pollution and smog
- Allergens that become airborne

What symptoms occur?

Infected sinus cavities can develop mucus and trap air, creating a painful sinus headache in places like your forehead, eyes, neck, and ears. You also can develop additional symptoms including:

- Mucus that is thick and green or yellow in color
- Postnasal drip with a bad taste
- Sore throat and a cough

Further, if you have asthma, sinusitis can make controlling your asthma more difficult. Be sure to consult your doctor if you think you may be developing sinusitis.

Tips adapted from WebMD¹⁴



Simple Ways to Go Green During the Holidays

The holiday season involves lots of shopping and traveling. However, small tweaks to how you celebrate the season can have real effects on the environment. Here are simple ways you can go green this holiday season.

1. **Reuse wrapping paper:** The holidays create around 4 million tons of wrapping paper and shopping bag waste. You can help decrease this trash by reusing wrapping paper from previous gifts. Doing so will also eliminate the need for new resources such as trees for the paper and ink for the color.

2. **Decorate with natural items:** You can create a nice ambiance without buying new decorations. Natural items gathered from your yard, like pine cones and ivy, can set a holiday mood while adding a creative touch.
3. **Eat more veggies at holiday dinners:** Meat-based diets have higher carbon footprints. You can decrease how much you contribute by limiting the amount of meat in your holiday meals (and eat healthier in the process).

Tip adapted from The Nature Conservancy¹⁵

Share the Wealth of Knowledge!

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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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¹ <https://www.cnbc.com/2017/11/24/us-stocks-black-friday-retail-amazon-holidays.html>

<https://www.cnbc.com/2017/12/01/us-stock-futures-data-opec-tax-on-the-agenda.html>

² <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=%21DJI®ion=usa&culture=en-US>

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

⁴ <https://www.cnbc.com/2017/12/01/us-stock-futures-data-opec-tax-on-the-agenda.html>

⁵ <https://www.cnbc.com/2017/11/30/us-stocks-dow-record-high-tax-reform-senate.html>

⁶ <http://www.cnn.com/2017/12/01/politics/senate-tax-bill-vote-uncertainty/index.html>

⁷ <https://www.bloomberg.com/news/articles/2017-11-30/asian-stocks-set-to-rebound-after-u-s-advance-markets-wrap>

⁸ <http://www.ftportfolios.com/Commentary/EconomicResearch/2017/11/29/real-gdp-revised-up-to-a-3.3percent-annual-growth-rate-in-q3>

⁹ <http://www.ftportfolios.com/Commentary/EconomicResearch/2017/11/27/new-single-family-home-sales-increased-6.2percent-in-october>

¹⁰ <http://abcnews.go.com/Business/wireStory/consumer-spending-rose-solid-03-percent-october-51483354>

¹¹ <http://www.goodhousekeeping.com/food-recipes/a41235/mustard-crust-ed-mini-meatloaves-with-roasted-apples-recipe/>

¹² <https://www.irs.gov/newsroom/five-things-to-remember-about-hobby-income-and-expenses>

¹³ <http://www.pga.com/golf-instruction/golf-tip-day/fundamentals/dont-chop-wood-drive-spike>

¹⁴ <https://www.webmd.com/asthma/guide/sinusitis-and-asthma#1-2>

¹⁵ <https://support.nature.org/site/Advocacy?cmd=display&page=UserAction&id=198>