



Markets Relax and Rally

Weekly Update – January 14, 2019

After months of volatility, markets relaxed a bit last week. For the first time since October, the S&P 500 went 5 days without a 1% gain or loss.¹ The Cboe Volatility Index, or VIX, also fell to lower than 20—in December, it spiked above 35.²

For the week, the S&P 500 added 2.54%, the Dow gained 2.40%, and the NASDAQ increased 3.45%. All three indexes are in positive territory for 2019.³ International stocks in the MSCI EAFE grew as well, with a 2.85% weekly gain.⁴

What drove last week's gains?

Updates on trade and monetary policy contributed to investor decisions, yet again.⁵

1. The Federal Reserve made dovish comments.

Last week, multiple Fed officials gave speeches indicating our central bank would carefully approach its interest rate decisions in 2019. Fed Chairman Jerome Powell described the policies as “flexible” and “patient.”⁶

2. A trade resolution seemed more likely.

Many investors believe that efforts to resolve trade tension between the U.S. and China made progress last week. On Wednesday, January 9, talks concluded in Beijing after three days of negotiations, and China said the “in-depth” meetings made a resolution possible.⁷ The next day, U.S. Treasury Secretary Steve Mnuchin announced that a high-level Chinese policy advisor is coming to D.C. later this month for further talks.⁸

What is ahead?

Last week's trade and policy headlines seemed to ease some of the risks on investors' minds.⁹ However, both challenges and opportunities remain.

This week marks the beginning of U.S. corporate earnings season. Analysts have low expectations for companies' 4th-quarter performance, especially after a number of large corporations released warnings about their results. However, analysts still predict that S&P 500 companies experienced 14.5% profit growth. In addition, the generally sour, pessimistic mood surrounding earnings could support equities in two ways: 1) Investors may not react strongly if companies miss projections, and 2) any companies that have surprisingly good results could see stock price jumps.¹⁰

Along with earnings results, investors will be paying close attention to companies' commentary on business in China.¹¹ Some experts believe Chinese economic growth is slowing, which is already affecting market performance. On Friday, markets stumbled a bit as analysts considered data and commentary on China's economy. These details will remain important to watch—and see how it relates to trade.¹²

In addition, while the U.S. federal government shutdown has not yet had a large market impact, if it continues for too long, it could sizably affect the economy.¹³

We will continue to monitor these and other financial perspectives as we determine where the markets are—and what may be on the horizon. If you have any questions, we're here to talk and listen.

ECONOMIC CALENDAR

Tuesday: PPI-FD

Wednesday: Retail Sales, Housing Market Index

Thursday: Housing Starts, Jobless Claims

Friday: Industrial Production, Consumer Sentiment

DATA AS OF 1/11/2019	1 WEEK	SINCE 1/1/19	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	2.54%	3.57%	-6.19%	7.10%	11.30%
DOW	2.40%	2.87%	-6.17%	7.86%	10.81%
NASDAQ	3.45%	5.07%	-3.33%	10.80%	16.06%
INTERNATIONAL	2.85%	3.85%	-15.47%	-1.34%	3.59%
DATA AS OF 1/11/2019	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	2.41%	2.50%	2.58%	2.52%	2.71%

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.



“The key is not to prioritize what's on your schedule, but to schedule your priorities.”

— Stephen R. Covey



Perfect Pizza Popovers



6 servings

Ingredients:

- 3 - 4 Tbsp. butter or olive oil to grease pan
- 4 large eggs
- 1 Cup milk
- ¼ Cup pre-made pizza sauce
- 1 ½ Cups flour
- ¼ tsp. salt
- ½ tsp. onion powder
- ½ tsp. garlic powder
- ½ - 1 tsp. pizza seasoning (depending on taste)
- 1 Cup shredded mozzarella (or try blending provolone, asiago, or jack to total 1 cup)

Directions:

1. Preheat oven to 375°F. Grease a large, 6 cup popover pan (or a mini, 12-cup popover pan) with the butter or oil. Place the pan in the oven for 3 minutes to melt the butter. Once melted, remove the pan and spray the edges with cooking spray to prevent sticking.
2. Using a medium-sized mixing bowl, beat the eggs, milk, and pizza sauce. Add in the dry ingredients and mix all until combined. Pour batter evenly into the popover pan. First, bake at 375°F for 10 minutes, then reduce to 350°F. Bake for 8 additional minutes (about 18 minutes in total).
3. Once you remove the popovers from the oven, immediately add the cheese inside of the popover. Put the popovers back in the oven for about 5 minutes until puffy and golden. Let them cool a few minutes and enjoy! Note: If desired, sprinkle with fresh Parmesan and drizzle with olive oil.

Recipe adapted from [Recipe4Living](#)¹⁴



Tax Benefit and Credits: FAQs for Retirees

Lots of questions can come up about income taxes after one has retired. Listed are answers to just a few common questions for retired taxpayers.

What types of income are taxable?

Some common types of taxable income: military retirement pay, all or part of pensions and annuities, all or part of Individual Retirement Accounts (IRA), unemployment compensation, gambling income, bonuses and awards for outstanding work, and alimony or prizes.

What types of income are non-taxable?

A few examples of non-taxable income: veteran's benefits, disability pay for certain military or government-related incidents, worker's compensation, and cash rebates from a dealer or manufacturer of an item you purchase.

Why is my pension taxed?

It depends on how the money was put into the pension plan. For example, if all the money was contributed by the employer or the money was not taxed before going into the plan, it would be taxable. When your contribution is from already-taxed dollars, that portion of the pension is not taxed, but must be recovered over your life expectancy.

* 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.gov¹⁵



Putt Your Way to a Better Game

You should always focus on the parts of your game that will yield the highest return in lowering your scores. Your chances of making a 15-footer aren't all that good, so why would you use your precious time to practice those putts? You should be focusing on the putts you actually have a decent chance of making. Based on recent data, that would be putts inside of 10 feet.

As you focus on putts inside 10 feet, seeing the ball go in the hole more will give you tons of positive mental feedback you can bring out on the golf course.

You should also be working on your feel and getting the ball consistently within three feet of the hole, eliminating three putts. Getting rid of three putts is one of the quickest ways to lower your scores.

Tip courtesy of Jon Sherman | Practical-golf.com¹⁶



Restorative Yoga—Long and Easy Stretching

Whether you have been curious about yoga, but have never tried it, or if you're a seasoned yogi and are looking for something new, restorative yoga has something for everyone. This gentle yoga uses props like blocks, blankets, and straps. Stretches and poses are held for a longer period of time, which can yield many benefits. Here are a few ways that restorative yoga can be beneficial for many people:

- It can help with neck, low back, hip, and shoulder pain
- It can help with insomnia
- It is widely practiced by all ages and modifications are available
- It can relax the mind and help with anxiety
- It may help to cope with serious illnesses and life events
- It may improve respiratory and circulatory function

Check your local yoga studios or gyms to enroll in a restorative yoga class. If you can't find one, there are online yoga courses you can try. It might be a stretch worth taking (ask your doctor if yoga might be right for you).

Tip adapted from www.mindbodygreen.com¹⁷



Eco Travel, Traveling Green

For your next trip, think green. Green and sustainable, that is. From the hotel to your meals, modes of travel and activities, your trip can center around your concern for the environment. Check out these tips:

Save jet fuel. Try to plan as few layovers as possible. Also, pack light since heavier planes use more fuel.

Green hotels. Many hotels practice sustainability through energy and water conservation. The Green Hotels Associations has listings of green hotels and approved vendors.

Walk, bike, share a ride. Choose walking- and biking-friendly destinations. You'll help the environment and get some exercise and fresh air.

Shop local. You can give back to the community by shopping and eating locally. Look for sustainable restaurants that use local produce. Also, you can support local artisans by purchasing handmade, local gifts.

Tip adapted from Green America¹⁸

Share the Wealth of Knowledge!

*Please share this market update with family, friends, or colleagues.
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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/2019/01/11/stock-market-dow-under-pressure-as-investors-await-inflation-data.html>

² <https://www.bloomberg.com/news/articles/2019-01-11/well-that-was-fast-so-are-the-bulls-back-in-charge-now?srnd=markets-vp>

³ <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=%21DJI®ion=usa&culture=en-US>
<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=@CCO>

⁴ <https://www.msci.com/end-of-day-data-search>

⁵ <https://www.reuters.com/article/us-usa-stocks/wall-streets-five-day-rally-flickers-out-as-earnings-near-idUSKCN1P51FS>

⁶ <https://www.marketwatch.com/story/stock-futures-edge-lower-ahead-of-inflation-data-2019-01-11>

⁷ <https://www.bloomberg.com/news/articles/2019-01-09/china-says-trade-talks-with-u-s-concluded-both-sides-serious>

⁸ <https://www.marketwatch.com/story/stock-futures-edge-lower-ahead-of-inflation-data-2019-01-11>

⁹ <https://www.reuters.com/article/us-global-markets/u-s-stocks-pause-after-five-day-rally-dollar-rebounds-idUSKCN1P503D>

¹⁰ <https://www.reuters.com/article/us-usa-stocks-weekahead/slashed-profit-expectations-may-set-stage-for-gains-idUSKCN1P525B>

¹¹ <https://www.reuters.com/article/us-usa-stocks-weekahead/slashed-profit-expectations-may-set-stage-for-gains-idUSKCN1P525B>

¹² <https://www.cnbc.com/2019/01/11/stock-market-dow-under-pressure-as-investors-await-inflation-data.html>

¹³ <https://www.marketwatch.com/story/stock-futures-edge-lower-ahead-of-inflation-data-2019-01-11>

¹⁴ http://www.recipe4living.com/recipes/pizza_popovers.htm

¹⁵ <https://www.irs.gov/pub/irs-pdf/p4190.pdf>

¹⁶ <https://practical-golf.com/golf-tips/>

¹⁷ <https://www.mindbodygreen.com/0-5289/15-Reasons-Why-You-Should-Try-Restorative-Yoga.html>

¹⁸ <https://www.greenamerica.org/green-living/eco-travel-checklist>

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