



Stocks Post Small Weekly Gains

Weekly Update - February 11, 2019

The Week on Wall Street

Major U.S. stock benchmarks eked out slight gains last week, with corporate profit reports and news about U.S.-China trade negotiations vying for investor attention over five trading sessions.

The big three ended the week little changed from where they settled the previous Friday. The Dow Jones Industrials rose 0.17% percent, while the S&P 500 Index gained 0.05% percent. The NASDAQ Composite ended the week up 0.47%. Looking at international stocks, the MSCI EAFE index retreated 0.47%.^{1,2}

Earnings Scorecard

As of last Friday, 66% of all S&P 500 companies had reported fourth-quarter earnings. So far, 71% of these firms have announced earnings exceeding estimates, and 62% have seen revenues top projections.³

Halfway through earnings season, 2019 future guidance has been a mixed bag for S&P 500 companies.³ For Wall Street, future earnings can be just as important as current earnings. We keep a close eye on both.

Tariff Tensions

March 1 is the 90-day deadline set by President Trump for a trade deal with China. If no agreement is reached, the U.S. may consider a new round of tariffs. On Thursday, news that President Trump and Chinese President Xi may not meet before the March 1 deadline added to the market volatility.

The decision by the U.S. on new tariffs may hinge on how much progress has been made toward a new agreement. We don't expect that to become clear until the deadline nears.

State of the Service Sector

Many indicators help economists take the pulse of the overall economy. The Institute for Supply Management keeps a critical, but not widely followed, index, which helps gauge the health of the service sector.

The January reading on this index came in at 56.7. Any reading above 50 shows that the service industry is seeing solid growth.⁴

Final Thought

Over the next several weeks, we're expecting more volatility as the markets digest economic news, a new wave of corporate earnings, and twists and turns on the geopolitical front. We will be watching to see if anything changes our short-term and long-term view. If you have any questions, don't hesitate to contact us.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: January's Consumer Price Index, which measures monthly and yearly inflation.

Thursday: December retail sales figures (a delayed release due to the government shutdown).

Friday: January's preliminary University of Michigan consumer sentiment index, a gauge of consumer confidence levels.

Source: Econoday / MarketWatch Calendar, February 8, 2019

The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision. The release of data may be delayed without notice for a variety of reasons, including the shutdown of the government agency or change at the private institution that handles the material.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: Loews Corp (L)

Tuesday: Activision Blizzard (ATVI), HubSpot (HUBS), Occidental Petroleum (OXY)

Wednesday: Cisco (CSCO), Hilton Worldwide Holdings (HLT), Yelp (YELP)

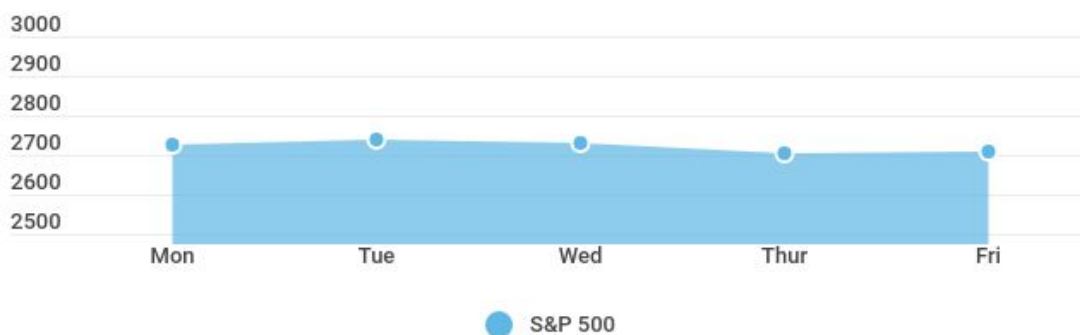
Thursday: Applied Materials (AMAT), CBS (CBS), Coca-Cola (KO)

Friday: Deere & Co. (DE), PepsiCo (PEP)

Source: Morningstar.com, February 8, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	25,106.33	+0.17%	+7.63%
NASDAQ	7,298.20	+0.47%	+9.99%
MSCI-EAFE	1,822.51	-0.47%	+5.97%
S&P 500	2,707.88	+0.05%	+8.02%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.63%	-0.07%	-0.06%

Sources: The Wall Street Journal, Feb. 8, 2019, Treasury.gov, Feb 8, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yields are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

QUOTE OF THE WEEK



"The greatest happiness of life is the conviction that we are loved; loved for ourselves, or rather, loved in spite of ourselves."

– Victor Hugo



Chocolate-Strawberry Cake



Serves 8

Ingredients:

1½ cups all-purpose flour, plus more for pans
1½ cups granulated sugar
¾ cup cocoa powder
½ Tbsp. baking soda
¾ tsp. baking powder
¾ tsp. salt
2 large eggs
¾ cup buttermilk
¼ cup + 1 Tbsp. canola oil
1½ tsp. vanilla extract
⅔ cup boiling water

Frosting

1½ cups unsalted butter (room temperature)
4½ cups confectioners' sugar
½ cup fresh, ripe strawberries, washed, stemmed, and hulled
1½ tsp. vanilla extract

Directions:

1. Preheat oven to 350°F. First, butter three 9", round cake pans and dust with flour, tapping out excess.
2. Sift flour, sugar, cocoa, baking soda, baking powder, and salt into the bowl of a mixer and beat on low speed. Increase speed to medium and add eggs, buttermilk, oil, and vanilla, then beat about 3 minutes. Turn off the mixer and add boiling water. Beat on high for approximately 1 minute.
3. Pour batter evenly among the pans. Bake for 30 to 35 minutes or until an inserted toothpick comes out clean. Allow cakes to cool completely before frosting.
4. To make the frosting, purée the strawberries in a food processor and set aside. Using the paddle attachment, cream the room-temperature butter in the bowl of a stand mixer. Gradually add confectioners' sugar until the mixture is smooth. Combine with the strawberry purée and add the vanilla. Beat until light and fluffy (approximately 3 to 5 minutes).
5. Frost and stack the cakes; decorate with fresh strawberries. Try adding a dollop of fresh, whipped cream upon serving.

Recipe adapted from Cake 'n Knife⁵

**Married Couples in Business**

Under the provision of the Small Business and Work Opportunity Tax Act of 2007, a qualified joint venture by a married couple filing a joint return is not treated as a partnership for federal tax purposes. Income, gains, losses, deductions, and credits are divided between the spouses, depending on their interest in the business. Each spouse accounts for their share of these items as a sole proprietor.

A qualified joint venture involves the conduct of a trade or business if:

1. The only members of the joint venture are a married couple who file a joint tax return
2. Both spouses materially participate in the trade or business
3. Both spouses elect to have the provision apply, and the business is co-owned by both spouses
4. The business isn't held in the name of a state law entity, such as a partnership or limited liability company (LLC)

If one spouse is employed by the other (as an employee – not an equal business partner), then you'll probably need to pay Social Security and Medicare taxes for them.

* 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 professional.

Tip adapted from IRS.gov⁶



Control Your Breathing

You might not know it, but golf can create so much stress that it triggers the “fight or flight” response in your body. Your heart beats faster, your blood pressure increases, and your mind begins to race. These are all things that make it harder to focus and stay in the moment. Here is a simple breathing exercise you can do on the course to calm down and relax:

1. Inhale very slowly through your nose.
2. Exhale just as slowly through your mouth.
3. Repeat.

After doing this for a brief period of time, your body will start to get the message, and you will send a signal to your nervous system to activate calming hormones, which will slow down your heart rate and relax your muscles.

Tip courtesy of Jon Sherman | practical-golf.com⁷



Find Your Soulmate with Positive Thinking

Among countless dead-end connections from potential prospects on dating sites, speed dating, and blind date suggestions from well-meaning friends, your frame of mind could be your biggest obstacle to finding your soulmate. In addition to your dating “game,” consider working on your mental game too. By putting the power of positive thought

toward attracting your desires, you can eliminate what you don't want and focus on the good stuff. Try defining your ideal relationship starting with a list:

- Draw a line down the middle of a page, and on one side, write "what I don't want." On the other side, write "what I do want." Just writing this list will get you more focused.
- Cross off the "don't want" side off your list. Not needed!
- Give your attention and energy to the "what you do want" list.

This exercise is great for thinking about and attracting your dreams, goals, and desires you want in your life. Give it a try and see what comes your way!

Tip adapted from jackcanfield.com⁸



Egg-Citing News About Chickens

Backyard chickens boast benefits beyond the barnyard. With concerns about our food sources, fresh eggs may be higher quality, better tasting, and more nutritious. Some other benefits of chicken ownership:

Pest control. Chickens eat small bugs and worms. They hunt and peck for little critters and insects.

Compost. The waste from your coop can be used in the garden as compost, which nourishes the soil as natural, environmentally friendly fertilizer.

Less food waste. Chickens eat scraps, so you can add scraps of bread, fruit, or veggies to their feed. Be sure to feed scraps in moderation and to check guidelines on what they can and can't eat before sharing your leftovers.

Companionship. Tending chickens can help you to destress, unwind, and get outdoors.

Check to see if your city supports backyard chickens before you build your coop. Many communities allow chickens, but not roosters.

Tip adapted from USA Today⁹

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://markets.wsj.com/>

² <https://quotes.wsj.com/index/XX/990300/historical-prices>

³ <https://insight.factset.com/earnings-season-update-february-8-2019>

⁴ <https://www.instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1>

⁵ <https://www.cakenknife.com/chocolate-cake-with-fresh-strawberry-buttercream-frosting/>

⁶ <https://www.irs.gov/businesses/small-businesses-self-employed/married-couples-in-business>

⁷ <https://practical-golf.com/golf-tips/>

⁸ https://www.jackcanfield.com/blog/find-soulmate-using-law-attraction/?utm_medium=email&utm_source=positive-thinking-guide&utm_campaign=positive-thinking-guide-lead-magnet&utm_content=blog

⁹ <https://www.usatoday.com/story/sponsor-story/tractor-supply-co/2018/03/12/benefits-of-owning-chickens/32855461/>

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