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## Higher Tariffs Take Effect

Weekly Update – May 13, 2019

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### The Week on Wall Street

As we noted recently, Wall Street has a wandering eye. Last week, it focused on the new tariff threats in the ongoing U.S.-China trade dispute. Stocks fell across five trading sessions: the Dow Jones Industrial Average lost 2.12%, the S&P 500, 2.18%; the Nasdaq Composite, 3.03%. International stocks also fell: the MSCI EAFE index declined 3.06%.

Earnings and big-name initial public offerings mattered little last week. Traders were more concerned about how consumers and corporations might be affected by higher import taxes in future quarters.<sup>1,2</sup>

### Tariffs Increase

At 12:01 a.m. Friday, duties on \$200 billion worth of Chinese products coming to the U.S. rose from 10% to 25%. Just days earlier, President Trump had tweeted that the U.S. might also tax another \$325 billion of Chinese imports, mainly consumer goods.

While the proposed new taxes might take months to implement, institutional investors reacted negatively to this information, perceiving that trade talks were stalled.<sup>3,4</sup>

### Final Thought

A few weeks ago, market watchers noted the huge number of initial public offerings anticipated for 2019. One well-known tech firm completed its IPO on Friday, and the wave of tech IPOs is still building. According to research firm CB Insights, the average stock market valuation of the venture-capital-backed tech companies going public this year is \$9.6 billion.<sup>5</sup>

### THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** April retail sales figures from the Census Bureau.

**Friday:** The University of Michigan's preliminary May consumer sentiment index, a measure of consumer confidence.

Source: Econoday / MarketWatch Calendar, May 10, 2019

The Econoday and MarketWatch economic calendars list upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. 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 WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Monday:** Take-Two Interactive (TTWO)

**Tuesday:** Agilent (A), Ralph Lauren (RL)

**Wednesday:** Alibaba (BABA), Cisco (CSCO), Macy's (M)

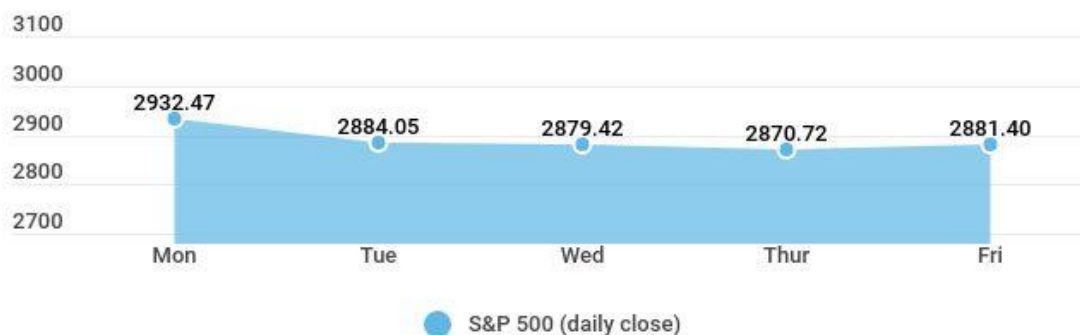
**Thursday:** Applied Materials (AMAT), Nvidia (NVDA), Walmart (WMT)

**Friday:** Deere & Co. (DE)

Source: Morningstar.com, May 10, 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	25,942.37	-2.12%	+11.21%
NASDAQ	7,916.94	-3.03%	+19.32%
MSCI-EAFE	1,860.04	-3.06%	+8.15%
S&P 500	2,881.40	-2.18%	+14.94%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.47%	-0.07%	-0.22%

Sources: The Wall Street Journal, May 10, 2019, Treasury.gov, May 10, 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. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, May 3 to the Friday, May 10 close. Weekly performance for the MSCI-EAFE is measured from the Friday, May 3 open to the Thursday, May 9 close. 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 yield 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



*"You don't become what you want, you become what you believe."*

– Oprah Winfrey

## RECIPE OF THE WEEK



### Garlicky Dill Pickles



Yields 10 to 12 pickles

#### Ingredients:

2 lbs. small pickling cucumbers  
1½ cups apple cider vinegar  
1½ cups filtered water  
2 Tbsp. pickling salt  
8 garlic cloves, peeled (add more if you'd like)  
4 tsp. dill seed  
2 tsp. black peppercorns  
1 tsp. red chili flakes

#### Directions:

1. Be sure that your jars are washed thoroughly. To make shelf-stable pickles, prepare a boiling water bath canner. Put fresh canning jar lids into a small saucepan with 3 inches of water and set to the lowest simmer.
2. Prepare the cucumbers by washing and drying them, then remove the blossom end. Depending on the shape of pickle you want, cut the cucumbers into slices

for chips, quarters for spears, or leave whole.

3. Bring the vinegar, water, and salt to a boil in a saucepan.
4. Distribute equal portions of the garlic cloves, dill seed, black peppercorns, and red chili flakes among the readied jars. Arrange the cucumbers into the jars as tightly as possible but try not to crush them.
5. Pour the brine into the jars, leaving  $\frac{1}{4}$  inch between the top of the liquid and the rim of the jar. Gently tap the jars to remove any air bubbles. You can also use a long kitchen utensil, like a chopstick, to let any bubbles escape. Wipe the rims of the jars, then put the lids and bands on the jars without screwing on too tightly.
6. If you're processing jars for shelf stability, put them into the processing pot. Once the water returns to a boil, set a timer for 10 minutes, then remove the jars after the time is up. Check the seals once the jars are cool enough to handle.
7. If you're not processing your jars, then allow them to cool before putting them into the refrigerator. Your jars may seal during the cooling process.
8. The pickles need to rest in the fridge for one week before serving.

Recipe adapted from Serious Eats<sup>6</sup>



### **Tax Facts About Renting Out Residential Property**

For individuals who rent out their residential property for income, there are different tax rules that apply based on whether they used the property as a residence at any time over the course of the year.

Residential rental property may include a single house, condominium, apartment, mobile home, vacation home, or similar property. These properties are often referred to as dwellings. Taxpayers renting the property can use more than one dwelling as a residence during the year. Using a dwelling for personal purposes for more than the greater of 14 days or 10 percent of the total days rented to others at a fair rental value is considered a residence. Personal use includes:

- Any person who owns an interest in the property or a family member of such person
- Anyone who has an arrangement that lets the owner use some other dwelling

- Anyone using the property at less than fair rental value

Personal use does not include days for repair and maintenance if the work is being done on a largely full-time basis.

\* 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.gov<sup>7</sup>



### **The Dreaded Dogleg**

A dogleg is a hole that bends at some point along its length, like the hind leg of a dog. A common mental block among golfers is how best to play a dogleg hole with real trouble on either side of the fairway.

Since the ball tails off to the right for most of golfers, it doesn't make much sense for one to stand on the tee box of a dogleg-left hole and try to curve their drive in that direction. Instead, try thinking of how to play the hole to the best of your ability.

Tip adapted from Golf Digest<sup>8</sup>



### **Gratitude is the Attitude**

It's hard to be anything else when you are in an attitude of gratitude. A grateful mindset is an instant way to get positive and feel better. But just how do you do that? Here are some great tips to start now:

- Make a commitment to gratitude. This is a daily practice; one you can do at the end of each day. Compile a gratitude list of all the positive things to be grateful for.
- Pay attention to your thoughts. Have a mindset of gratitude. Notice if your mind wants to be negative or judgmental. That's okay. Gently guide it back to grateful.



- Help others. There are always others who are less fortunate. Giving, whether it is your time, service, or a financial donation, feels good and shares your abundance. Living in abundance is a flow, an ability to give and receive.

Tip adapted from Lifehack<sup>9</sup>



### Ways to Save Energy at Home

There are a lot of ways to save energy at home, including a few you might not have thought of. Here are a few energy saving tips that are different and doable:

**Energy-efficient landscaping:** Plan where you place shade trees around the house, and you could save between \$100 and \$250, annually.

**Duct check:** To avoid wasting energy, have your ducts inspected to ensure they're sealed properly and insulated if necessary.

**In hot water:** Turn down the temperature of your water heater to the warm setting (120°F) and save energy.

**Cook small:** Use your microwave, toaster oven, or grill appliance rather than the oven. You'll use less energy and avoid excess heat that increases room temperature.

**Use a power strip:** Leaving a computer on all day can cost about 21 cents per day or about \$75 per year. Plug your computer, printer, and other home office items into a multiple-outlet strip, which can turn everything off with the flip of a switch.

Tip adapted from Energy.gov<sup>10</sup>

### ***Share the Wealth of Knowledge!***

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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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<sup>1</sup> <https://www.wsj.com/market-data>

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

<sup>3</sup> <https://www.cnn.com/2019/05/10/business/china-us-tariffs-trade/index.html>

<sup>4</sup> <https://www.cnn.com/2019/05/07/if-trump-slaps-china-with-all-the-tariffs-threatened-it-could-be-the-us-consumer-that-pays.html>

<sup>5</sup> <https://www.nytimes.com/interactive/2019/05/09/business/dealbook/tech-ipos-uber.html>

<sup>6</sup> <https://www.serious-eats.com/recipes/2011/08/garlic-dill-pickles.html>

<sup>7</sup> <https://www.irs.gov/newsroom/know-the-tax-facts-about-renting-out-residential-property>

<sup>8</sup> <https://www.golfdigest.com/story/strategy-for-doglegs>

<sup>9</sup> <https://www.lifehack.org/articles/communication/10-tips-more-grateful-life.html>

<sup>10</sup> <https://www.energy.gov/articles/top-11-things-you-didnt-know-about-saving-energy-home-summer-edition>

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