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Strong Stocks & A Falling Dollar WEEKLY UPDATE - JULY 24, 2017

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Last week, the Dow, S&P 500, and NASDAQ again hit record highs. The midweek peaks fell by Friday, though market performance remained strong.^[1] By week's end, the Dow dropped 0.27%, and the S&P 500 and NASDAQ dipped on Friday but closed up 0.54% and 1.19%, respectively.^[2] The MSCI EAFE finished with a 0.46% increase.^[3]

Corporate Earnings Drive Growth

Analysts noted that stocks were particularly "strong" last week due to generally robust Q2 corporate earnings reports. With roughly 20% of S&P 500 companies reporting, corporate earnings should remain solid through the quarter. So far, 73% of reporting companies beat their estimated earnings per share, and 77% have higher-than-expected sales against a 5-year average.^[4]

Weakened Dollar Continues

The dollar continued its downward trend, dropping 1.3% during the week. So far, our currency has fallen 8.1% since the start of 2017.^[5] A weakening dollar will boost companies with exports or overseas business. As such, the U.S. consumer will take a hit, since a falling dollar causes price increases on imported goods.^[6] The latest fall started last week after the Fed expressed concerns over low inflation.^[7]

By and large, European markets reacted negatively to the falling U.S. dollar, and uneven EU corporate earnings reports did not help either. With the euro's value against the dollar rising to its highest point since January 2015, the value of EU company exports and overseas earnings measured in dollars will fall.^[8]

Other Key Market Developments

Here are some other key developments in fundamentals from last week:

- **Housing Tensions Relax:** Housing starts jumped to a 1.215 million annual rate, the first gain in three months. Similarly, housing permits increased to a 1.254 million rate, the strongest numbers since March. Homebuilders are cautious, however, with the Housing Market Index and Components falling 3 points in July. The rising cost in lumber - due to tariffs on Canadian softwood - has builders concerned, as homebuyers will ultimately pay higher prices.^[9]
- **Jobless Claims Fall:** July's employment numbers look hopeful as the initial jobless claims for the week of July 15 dropped to 233,000, far below the consensus estimate of 246,000. The numbers should help lower July's overall unemployment rate and suggest that - despite low wages and productivity - labor demand remains high.^[10]
- **Oil Prices Drop:** Oil prices fell over 2% on July 21, after reaching a 6-week high earlier in the week. The drop followed news that OPEC increased July production by 145,000 barrels daily while U.S. stockpiles largely decreased, contributing to the temporary price hikes.^[11]

A Busy Week Ahead

This week will be busy. More housing news starts the week, and expect Wednesday's Fed meeting to get some attention, though interest rates should not increase. Further, Friday's Gross Domestic Product (GDP) Price Index and Consumer Sentiment Index will be of interest to markets.^[12]

Though the news from Washington can dominate the headlines, remaining focused on key drivers of market performance is key. Contact us if you have questions as to how the past week's markets may influence your portfolio. We are always happy to help.

ECONOMIC CALENDAR


Monday: Existing Home Sales

Tuesday: FHFA House Price Index, Consumer Confidence Index

Wednesday: New Home Sales

Thursday: Durable Goods Orders, International Trade In Goods, Jobless Claims, Chicago Fed National Activity Index

Friday: GDP, Employment Cost Index, Consumer Sentiment

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DATA AS OF 7/21/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.54%	10.44%	14.20%	12.66%	4.89%
DOW	-0.27%	9.20%	16.54%	10.97%	4.53%
NASDAQ	1.19%	18.66%	25.89%	16.91%	9.04%
INTERNATIONAL	0.46%	14.47%	16.32%	6.47%	-1.83%

DATA AS OF 7/21/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.00%	1.10%	1.22%	1.81%	2.24%

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

"Life is like riding a bicycle. To keep your balance you must keep moving."

- Albert Einstein

RECIPE OF THE WEEK

Grilled Lamb Meatballs and Pepper Skewers



Serves 4

Ingredients:

- ½ cup fresh mint sprigs, chopped
- 2 medium-sized shallots, chopped
- 1 TBSP oregano sprigs, chopped
- ½ tsp cumin, ground
- ½ tsp smoked paprika
- 1 lb. lamb, ground
- 2 bell peppers, core removed and chopped
- 2 pitas, toasted and cut into quarters
- ½ tsp each of salt and pepper
- ¼ cup hummus
- Tomatoes, sliced for serving

Directions:

If using bamboo skewers, be sure to soak them ahead of time.

1. In a bowl, mix together the mint, shallots, oregano, cumin, paprika, salt, and pepper.
2. Add the ground lamb to the spices and thoroughly mix.
3. Create 1-inch meatballs from the lamb.
4. Thread skewers with the meatballs and chopped bell peppers, alternating each item.
5. Grill skewers on medium heat for 6 to 8 minutes, flipping the skewers once to cook on both sides. Grill until internally cooked to 165°F.

To Serve:

6. Plate skewers with dollop of hummus, sliced tomatoes, and toasted pita.

Recipe adapted from Good Housekeeping^[13]

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Tax Benefits for Armed Forces Members*

If you or a loved one served our country as an armed forces member, specific tax details could lower tax liabilities. Current armed forces members serving in a war zone can receive additional benefits. For those navigating a financial life within the armed forces, here are some tax benefits to keep in mind.

- **Tax-Free Combat Pay:** When actively serving in or directly supporting a war zone, your salary is tax free - either partially or in full. Additional details apply, so be sure to identify what to do for your specific situation.
- **Extended Filing Deadlines:** Some armed forces members, such as people in combat zones, can qualify to receive automatic filing extensions. They also may be able to receive extensions on other tax details.
- **Free Tax Help:** Free tax help is available for members at most military bases

during the filing season and for ongoing assistance. Check with your base to see what is available for your locale.

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.gov^[14]



Improve Control in Fairway Sand

Fairway bunkers intimidate many golfers. Fortunately, a few simple tweaks to your setup can give you confidence and control to hit the ball out of the sand with a smooth swing. Here are some tips to help you improve your control in these challenging situations.

- **Step 1 - Select the right club:** Your goal is to hit the ball before you make contact with the sand. A key to doing this is choosing a club longer than what you typically use. You still need to ensure the club can get the ball out of the bunker.
- **Step 2 - Open the clubface:** You don't want to dig into the sand, so make sure you open your clubface. Keeping it open will add loft to your shot. Gripping your club lightly to free your swing also will help avoid tension.
- **Step 3 - Stay centered on the ball:** Make sure you center the ball so it's in line with your hands and club shaft, and never ground your club. In your backswing, stay centered by making a full shoulder turn while minimizing movement in your lower body. This focus will keep you from laterally moving away from your target while not hurrying the through swing.

Tip courtesy of GolfDigest^[15]



Know These Symptoms of Cardiomyopathy

Heart disease comes in many forms, and includes a condition called cardiomyopathy. This occurs when the heart muscle becomes enlarged, thick or rigid, and in rare cases, muscle tissue is replaced with scar tissue. Early-stage sufferers may show no signs of the disease, but symptoms often reveal themselves as the condition worsens.

Here are common signs of a weakened heart:

- Shortness of breath or trouble breathing, especially when exerting yourself.
- Your legs, ankles, feet, abdomen and neck veins are swollen.

- You always feel fatigued.
- Your heartbeats are rapid, pounding, or fluttering, which may indicate an irregularity in your heart rhythm.
- You often feel dizzy, lightheaded or faint.
- Chest pain, especially after a heavy meal or exerting yourself.

If you experience two or more of these symptoms regularly, consult with your doctor right away.

Tip courtesy of The American Heart Association^[16]



Control Gnats and Fruit Flies Naturally

Gnats and fruit flies may be small, but they can be mighty annoying. You can control them in your home, though, without relying on toxic chemicals. If you are trying to beat the bugs, here are some tips to help.

- **Fix Window or Door Cracks:** Gnats and fruit flies just need a tiny space to enter your home. Discourage them from moving in by sealing or repairing all the cracks and gaps in your doors and windows.
- **Clean Your Kitchen Sink Drain:** Dark, moist environments - like drains full of food - are a boon to these bugs. Keep the drain clean and toss a lemon into a disposal to clean it. You can then add a couple drops of vegetable oil in there to coat and kill remaining bugs.
- **Set Vinegar Traps:** Grab a mason jar, and cut small holes into the lid. Fill the jar with a bit of apple cider vinegar and some drops of dish soap. Put the lid onto the jar, and let the trap sit out overnight to attract the bugs.

Tip courtesy of Care2.com^[17]

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!



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 S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

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] <http://www.cnn.com/2017/07/21/us-stocks-ge-drops-earnings-season-oil.html>

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

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

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[5] <http://wsj-us.econoday.com/byshoweventarticle.asp?fid=482387&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

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[7] <http://www.cnn.com/2017/07/20/bottom-falling-out-of-us-dollar-drops-to-near-2-year-low-vs-the-euro.html>

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[9] <http://wsj-us.econoday.com/byshoweventarticle.asp?fid=482387&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

[10] <http://wsj-us.econoday.com/byshoweventfull.asp?fid=477455&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

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[12] <http://wsj-us.econoday.com/byshoweventarticle.asp?fid=482387&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

[13] <http://www.goodhousekeeping.com/food-recipes/easy/a44727/grilled-lamb-meatball-pepper-skewers-recipe/>

[14] <https://www.irs.gov/uac/newsroom/members-of-the-armed-forces-get-special-tax-benefits>

[15] <http://www.golfdigest.com/story/control-is-key-to-success-in-fairway-sand>

[16] http://www.heart.org/HEARTORG/Conditions/More/Cardiomyopathy/What-Is-Cardiomyopathy-in-Adults_UCM_444168_Article.jsp

[17] <http://www.care2.com/greenliving/9-natural-ways-to-trap-gnats.html>

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