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The Economy Picks Up Speed

WEEKLY UPDATE - SEPTEMBER 5, 2017

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Last week gave a number of things for both investors and non-investors to think - and worry - about. From North Korea's missiles to Hurricane Harvey's devastation to an unemployment uptick, the headlines were busy. Yet, despite these circumstances, U.S. stocks posted gains again this week - and the NASDAQ ended Friday with a new record high and 2017's best weekly performance.^[1] Overall, the S&P 500 added 1.37%, the Dow was up 0.80%, the NASDAQ gained 2.71%, and the MSCI EAFE increased by 0.55%.^[2]

So, what did we learn about the economy last week that helped contribute to these gains?

Big News: GDP Hits 2-Year High

On August 30, the Commerce Department released its second reading of Q2 Gross Domestic Product. After sluggish growth in the first quarter of 2017, consumer and business spending helped advance our economy in April through June.^[3] In fact, the revised reading increased to a 3% annual growth rate, which beat expectations and represented the fastest growth since Q1 of 2015.^[4]

As we predicted in last week's market update, larger core durable goods orders contributed to this positive GDP report.^[5]

Solid Support: Manufacturing Index Jumps

The Institute for Supply Management's manufacturing index, which measures business expansion or contraction, reached a 6-year high in August. According to Economist Andrew Hunter, this growth spike could generate GDP growth as high as 4% in the third quarter. That pace would be far above the average during the

current economic recovery and would mean the economy is growing more quickly than many people expected.^[6]

Of course, we are still in Q3, and any number of details could affect economic growth. We have many important happenings on the horizon that the markets will be watching, including debt-ceiling decisions, tax-reform outcomes, and much more.^[7] However, recent data indicates that both consumers and businesses are opening their wallets - and the economy is growing. After 9 years of economic recovery where growth has often been lackluster, this quickening pace is welcome news.^[8]

Looking ahead, we will continue to focus on uncovering the best opportunities for your long-term goals. As more data and insight come in, we will keep you informed every step of the way.


ECONOMIC CALENDAR

Monday: U.S. Markets Closed for Labor Day

Tuesday: Factory Orders

Wednesday: ISM Non-Mfg Index

Thursday: Productivity and Costs, Bloomberg Consumer Comfort Index

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DATA AS OF 9/1/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	1.37%	10.62%	14.08%	11.98%	5.33%
DOW	0.80%	11.26%	19.37%	10.93%	5.11%
NASDAQ	2.71%	19.55%	23.11%	15.98%	9.50%
INTERNATIONAL	0.55%	15.11%	14.39%	5.65%	-1.20%
DATA AS OF 9/1/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	0.96%	1.10%	1.24%	1.73%	2.16%

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



"I don't have to chase extraordinary moments to find happiness - it's right in front of me if I'm paying attention and practicing gratitude."

-Brené Brown



Lobster Mac and Cheese



Serves 8

Ingredients:

- 16 oz corkscrew pasta
- 6 TBSP melted butter, divided
- 2 large garlic cloves, minced
- ½ cup finely chopped red onion
- ¼ cup all-purpose flour
- 3 cups whole milk, at room temperature
- 1½ cups (6 oz) grated sharp Cheddar cheese
- 1½ cups (6 oz) grated Gruyère cheese
- 1 TBSP Dijon mustard
- ½ cup minced fresh chives
- ⅛ tsp cayenne pepper
- ½ tsp salt, divided
- ½ tsp freshly ground black pepper, divided
- 1 lb coarsely chopped cooked lobster meat
- 2 cups oyster crackers, crushed

Directions:

1. Cook pasta until al dente according to package directions. Drain, rinse with cold water, and drain again.

2. Place 4 TBSP melted butter in a saucepot over medium-low heat. Add garlic and onion; cook 5 minutes or until onion is softened. Whisk in flour; cook 1 minute. Pour in milk; bring mixture to a boil over medium-high heat, whisking often. Reduce heat to medium-low, and simmer 3 minutes or until sauce is smooth and thickened.

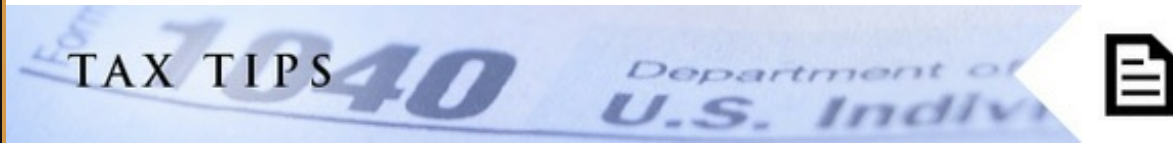
3. Remove from heat, and whisk in cheeses and next 3 ingredients. Stir in ¼ tsp

salt and ¼ tsp pepper. Fold in pasta and lobster. Pour into a greased 3-quart baking dish.

4. Combine crushed crackers and remaining 2 TBSP melted butter. Stir in remaining ¼ tsp salt and ¼ tsp pepper. Sprinkle over casserole. Bake at 375° for 30 minutes or until crust is crisp and sauce bubbles. Let stand 5 minutes before serving.

Recipe adapted from My Recipes^[9]

 Forward to a Friend



Tax Benefits for Education*

Students are heading off to or back to college and it's a good time for a reminder of the tax benefits for education. These benefits can help offset qualifying education costs. Here is information about two tax credits available to those who pay higher education costs for themselves, a spouse, or a dependent.

The American Opportunity Tax Credit (AOTC) is:

- Worth a maximum benefit up to \$2,500 per eligible student.
- Only available for the first four years at an eligible educational or vocational school.
- For students pursuing a degree or other recognized education credential.
- Partially refundable. Eligible taxpayers can get up to \$1,000 of the credit as a refund, even if they do not owe any tax.

The Lifetime Learning Credit (LLC) is:

- Worth up to \$2,000 per tax return, per year, no matter how many students qualify.
- Available for all years of postsecondary education and for courses to acquire or improve job skills.
- Available for an unlimited number of tax years.

Taxpayers should use Form 8863, Education Credits, to claim these education credits. Be sure to visit the [IRS website](#) for additional requirements and information. You can also see IRS Publication 970, Tax Benefits for Education, for details, rules, examples, and a complete explanation of benefits.

* 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^[10]



How to Hit 'Knuckleball' Flop Shots

Flop shots are useful when you've got just a little green to work with. For example, if you're just off the side of a green with a tucked pin, you need a shot that sticks as soon as it lands - it doesn't spin and is "dead" when it hits the green. This shot not only adds diversity in shot-making for the golfer, but is impressive to watch when you pull it off.

This tip shows you the technique for gripping the club, selecting the right club, and executing the shot so the ball lands on the green and does not roll out.

The Setup

Use the most lofted club in your bag, like a 60-degree wedge. Open the face and the stance just as you would a bunker shot. Weaken your grip (for a right hander, turn both hands counterclockwise on the grip). Try to feel that the "v" that is created between the thumb and first finger points to your lead shoulder. The weak grip prevents the face from rotating close during the shot.

The Shot

In the backswing, make sure to hinge the wrists quickly, which sets up a downswing that allows the club face to slide underneath the ball. The face will continue pointing to the sky beyond impact, and the ball will hardly spin off the face so when it lands on the green it won't roll out. Think of a knuckleball in baseball and how little it spins.

Tip courtesy of Alison Curdt, GolfTips Magazine^[11]



September is Fruits & Veggies - More Matters Month

More than 90% of adults and children do not eat the recommended amount of fruits and vegetables. Just remember two things to help get what you need: 1) fill half your plate with fruits and veggies at every eating occasion (including snacks); 2) All forms of fruits and vegetables - fresh, frozen, canned, dried, or 100% juice - count toward your daily intake.

Here are more good reasons to eat fruits and veggies:

- May help reduce the risk of many diseases, including heart disease, high blood pressure, and some cancers.
- Add texture and color to your plate; remember, we eat first with our eyes.
- Are nutritious in almost any form - fresh, frozen, dried - so they are ready when you are.
- Provide fiber to help fill you up and keep your digestive system happy.
- Are naturally low in calories.

- Often contain a lot of water, so they can help keep you hydrated.
- Have an abundance of vitamins and minerals that help you feel healthy and energized.
- Can be grown in containers and in your own backyard.
- Are available in almost infinite varieties - there is always something new to try.
- Are nature's treat and easy to grab for a snack.
- Can be crunchy, juicy, sweet, and tart; there is a flavor for every taste bud.

Tip courtesy of Fruits and Veggies More Matters^[12]



Design an Eco-Friendly Kitchen Makeover

If you are going to remodel your kitchen, consider these ideas for making an environmentally friendly redesign. Here are six ways you incorporate green building materials into your new kitchen.

Bamboo. The latest in green kitchens is fast-growing bamboo. You can use this material for cutting boards, backsplashes, and flooring.

Lighting. You can cut down on lighting costs by using fluorescents. They cut energy use by 50%. Whenever possible, use natural light to brighten up your kitchen and bring down your electrical bill.

Cork. This renewable resource is made from the bark off a tree. It is also sound-absorbing and hypoallergenic. Cork is also resistant to mold and mildew, which makes it doubly great for kitchens.

Top and bottom freezer/refrigerator units. These are more energy-efficient than side-by-side models because not as much frigid air escapes. Not sure if your fridge can pass the eco-friendly test? Shut the door on a dollar bill - if it slides out easily then it's a sign the seal needs to be replaced.

Convection ovens. This type of oven uses a fan to drive heat rapidly from source to food so it cooks it 25% faster than a conventional oven.

Natural fabrics. Choose cotton or wool for dining chairs and window dressings because manufactured and synthetic fabrics are made with chemicals that harm the environment.

Tip courtesy of HGTV^[13]

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] <https://www.cnbc.com/2017/09/01/us-stocks-jobs-report-disappoints.html>

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

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

[3] <https://www.nytimes.com/2017/08/30/business/economy/gdp.html>

[4] <https://www.cnbc.com/2017/08/30/us-revised-second-quarter-gdp.html>

[5] <http://wsj-us.econoday.com/byshoweventfull.asp?fid=477410&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

[6] <https://www.cnbc.com/2017/09/01/ism-indicator-shows-economy-may-be-growing-above-4-percent-now.html>

[7] <https://www.zacks.com/commentary/126684/stock-investing-strategy-when-at-all-time-highs>

[8] <https://www.nytimes.com/2017/08/30/business/economy/gdp.html>

[9] <http://www.myrecipes.com/recipe/lobster-mac-cheese>

[10] <https://www.irs.gov/newsroom/learn-about-tax-benefits-for-education>

[11] <https://www.golftipsmag.com/instruction/short-game/knuckle-ball-flop-shots/>

[12] <http://www.fruitsandveggiesmorematters.org>

[13] <http://www.hgtv.com/design/rooms/kitchens/9-eco-friendly-kitchen-ideas>

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