
Tax Plan Boosts Stocks

Weekly Update – December 18, 2017

Domestic markets were up last week as tax reform became more likely. On Friday, multiple previously undecided Senators announced they would back the combined House and Senate bill, and stocks reacted by hitting new record highs.¹ For the week, the S&P 500 gained 0.92%, the Dow added 1.33%, and the NASDAQ grew by 1.41%.² International stocks in the MSCI EAFE increased 0.13%.³

The House and Senate may vote on the tax plan this week, and if it passes, a number of changes will be on the horizon. In particular, the corporate tax rate would drop from 35% to 21% in 2018. Anticipation of this change has contributed to the many record highs we've seen in the domestic markets this year.⁴

However, while tax reform was a major topic last week, we also received a number of other economic updates. Two key events are worth noting: increasing interest rates and soaring retail sales.

- **The Federal Reserve Raised Rates**
The Fed increased the benchmark interest rate for the third time this year, raising it a quarter percent to be between 1.25% and 1.5%. Credit cards, home equity lines of credit, and adjustable-rate mortgages could all become more expensive as a result of the latest increase.⁵
- **Retail Sales Soared**
Consumer spending was far higher than expected in November, growing 0.8% over the previous month's numbers. This increase could contribute to strong economic growth in the fourth quarter.⁶

Together, this week's market performance and economic updates may paint a picture of a healthy end to a year of significant growth. We will continue to monitor both geopolitical developments and economic data as they emerge. We look forward to seeing what is on the horizon for the rest of 2017—and for the year ahead. As always, if you have any questions, we're here to talk.

ECONOMIC CALENDAR

Monday: Housing Market Index

Tuesday: Housing Starts

Wednesday: Existing Home Sales

Thursday: GDP, Jobless Claims

Friday: Durable Goods Orders, New Home Sales, Consumer Sentiment

PERFORMANCE:

DATA AS OF 12/15/2017	1 WEEK	SINCE 1/1/17	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.92%	19.52%	18.29%	13.61%	6.19%
DOW	1.33%	24.74%	24.18%	13.42%	6.33%
NASDAQ	1.41%	28.86%	27.12%	18.48%	10.16%
INTERNATIONAL	0.13%	19.24%	20.64%	4.83%	-1.10%

DATA AS OF 12/15/2017	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.24%	1.48%	1.71%	2.16%	2.35%

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.



"Confidence is that feeling by which the mind embarks in great and honorable courses with a sure hope and trust in itself."

— Cicero



Lamb Sausage With Confetti Couscous



Serves 4

Ingredients:

- 1 ¼ pounds Brussels sprouts, trimmed and cut in half
- 2 tablespoons olive oil
- ½ teaspoon salt
- ¼ teaspoon pepper
- 1 pound sausage links, lamb, pork, or chicken
- 1 cup couscous, cooked
- 2 medium carrots, chopped finely
- 2 small sweet peppers, chopped finely
- ½ cup fresh mint, chopped

Directions:

1. Preheat oven to 475°F, and coat Brussels sprouts with olive oil and ¼ teaspoon each of salt and pepper.
2. Place prepared Brussels sprouts on a greased, rimmed baking sheet, and put into oven. Roast for about 15 to 20 minutes, or until they tenderize and brown.
3. Cover another baking sheet with aluminum foil, and put the sausage links on the sheet while the Brussels sprouts cook. Place baking sheet with sausage in oven and cook for about 15 to 20 minutes, or until links reach 165°F.
4. Mix the finely chopped carrots, peppers, and fresh mint into the cooked couscous. Add 1 tablespoon olive oil and remaining ¼ teaspoon salt. Toss until thoroughly combined.
5. Top couscous with cooked sausage and serve with a side of Brussels sprouts.

Recipe adapted from Good Housekeeping⁷



Protect Your Small Business From Identity Theft

Identity thieves do not just target individuals. The IRS has also seen a rise in identity theft targeting small businesses, putting their owners, shareholders, and others at risk. Here are some tips to help you stay ahead of the scams:

Look for These Signs

If your business has been a victim of identity theft, you may notice the following:

- You receive a rejected e-file return from the IRS, stating they already have one for your identification number.
- The IRS turns down your extension request, stating they already have one for your identification number.
- The IRS sends you a notice on a detail you have not submitted to them.
- You receive a tax transcript you didn't request or expect.

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 adapted from IRS.gov⁸



Practice With a Paddle to Improve Your Swing

Holding your hands correctly when you swing helps give you the direction and power you need to move the ball. Some golfers often just pick up and play, without paying attention to where they place their hands on the club. For the best grip, your top hand should give you leverage while your bottom hand remains square. You can practice this grip by swapping your club for a paddle (like what's used in table tennis):

1. Hold the paddle in one hand with the paddle face perpendicular to the ground.
2. Keep your hand in the same grip position, which will reflect where you need your clubface during a swing. This should mimic having your bottom hand's position square to the clubface.
3. Practice swinging the paddle like you are going to hit a ball.
4. Repeat multiple times until you feel comfortable with the grip.

This technique should help square your bottom hand to the clubface at impact.

Tip adapted from Chris Johnston | Golf Tips Magazine⁹



Know the Signs of Osteomalacia

Osteomalacia is a condition that results in bone softening—which differs from bone thinning (osteoporosis). Most commonly developed from deep deficiencies in Vitamin D and calcium, other contributors like kidney or liver disorders can also cause osteomalacia. Older adults are often prone to developing this condition, which can lead to bone fractures.

What are the symptoms?

In the first stages of developing osteomalacia, you may experience no symptoms, even if an X-ray picks up on the condition. As it worsens, you may start feeling pain in your bones and muscles, most commonly in the following areas:

- Legs
- Lower back
- Hips
- Pelvis
- Ribs

The pain often worsens at night or whenever you put pressure on your bones. Eventually, you may end up having difficulty walking due to muscle weakness. Consult your doctor if you or a loved one may have symptoms.

Tips adapted from Mayo Clinic¹⁰



Foods That Contribute to Deforestation

Many of the foods you eat every day may directly contribute to forest destruction. In fact, agriculture is responsible for 70% of the forests torn down in the tropics.¹¹ By better understanding the sources of the food you're eating—and their environmental impact—you can minimize how much you affect global deforestation.

Here are 2 common food items to be aware of:

- 1. Palm Oil:** As one of the most processed foods on the planet (in 50% of total consumer goods), palm oil is contributing to deforestation at alarming rates. Every hour, the industry rips down 300 football fields worth of tropical forests to plant palm trees, since they grow best in tropical climates. Check the ingredients and purchase products without palm oil.
- 2. Coffee:** One of American's favorite drinks is made from beans that, today, typically grow on plantations converted from rainforests. For perspective, a person who drinks 3 cups of coffee each day needs 18 trees to cover their habit. Next time you want a boost, look for "shade grown" coffee, which means it minimally affected the deforestation of native plants.

Tip adapted from One Green Planet¹²

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, you can have them check out our Web-site (www.thebacagroup.com) or let me know and I will add them to our list. We love being introduced!

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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.

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Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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¹ <https://www.cnbc.com/2017/12/15/us-stocks-tax-bill-congress.html>

² <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=SPX®ion=usa&culture=en-US>

<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=@CCO>

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

⁴ <https://www.cnbc.com/2017/12/15/us-stocks-tax-bill-congress.html>

⁵ <https://www.usatoday.com/story/money/2017/12/13/how-fed-interest-rate-hike-could-affect-your-wallet/945792001/>

⁶ <http://wsj-us.econoday.com/byshoweventfull.asp?fid=477718&cust=wsj-us&year=2017&lid=0&prev=/byweek.asp#top>

⁷ <http://www.goodhousekeeping.com/food-recipes/easy/a42181/lamb-sausage-with-confetti-couscous-recipe/>

⁸ <https://www.irs.gov/newsroom/five-signs-of-small-business-identity-theft-new-protection-methods>

⁹ <https://www.golftipsmag.com/instruction/faults-and-fixes/build-better-golf-grip/>

¹⁰ <https://www.mayoclinic.org/diseases-conditions/osteomalacia/symptoms-causes/syc-20355514>

¹¹ <https://www.rainforest-alliance.org/articles/tropical-forests-in-our-daily-lives>

¹² <http://www.onegreenplanet.org/environment/foods-that-are-eating-the-worlds-forests-and-how-to-choose-better/>