

Special Update: Quarterly Report

Weekly Update – October 7, 2019

The Week on Wall Street

The fourth quarter started with a mixed week for equities. The Dow Jones Industrial Average lost 0.92% for the week; the S&P 500, 0.33%. In contrast, the Nasdaq Composite improved 0.54%. Overseas stocks pulled back: the MSCI EAFE index dipped 2.60%.^{1,2}

The Institute for Supply Management's Manufacturing Purchasing Manager Index fell to 47.8 in September, its lowest level in ten years. Traders worried that the number reflected weakening business confidence. ISM's latest Non-Manufacturing PMI also declined, but the 52.6 reading indicated growth in the service sector last month.^{3,4}

The Department of Labor said that employers added 136,000 net new workers in September. Unemployment was at 3.5%, a level last seen in December 1969. The U-6 jobless rate, which counts both the unemployed and underemployed, fell to a 19-year low of 6.9%. Monthly job creation has averaged 161,000 so far in 2019, down from 223,000 in 2018. This may reflect the challenge companies face trying to fill job openings in an economy with so little unemployment.⁵

The next earnings season is just ahead. Before it begins, let's take a look back at the third quarter.

S&P 500 Ends Quarter Higher

In a statistical coincidence, the Dow Jones Industrial Average and S&P 500 gained the same percentage in the quarter: 1.19%. The Dow settled at 26,916.83 on September 30; the S&P, at 2,976.74. Both indices registered their third straight quarterly advance. The Nasdaq Composite went sideways for Q3, ending the quarter 0.09% lower at 7,999.34.^{6,7}

U.S.-China Trade Disagreement Continued

On August 1, the U.S. announced tariffs on an additional \$300 billion of Chinese products – some would be effective September 1; others, effective by December 15. Four days later, China devalued its main currency, the yuan, to a level unseen in 11 years – a move that immediately sent U.S. stocks 3% lower. (Devaluing the yuan made Chinese goods cheaper for buyers paying for them in dollars, effectively offsetting the

impact of U.S. tariffs.) As September concluded, however, word came that trade representatives from both nations would resume talks on October 10.^{8,9,10}

The Fed Made a Move

The Federal Reserve lowered the country's short-term interest rate by a quarter-point on September 18, to a range of 1.75% to 2.00%. Federal Reserve Chairman Jerome Powell, speaking to the media after the decision, called the outlook for the U.S. economy "favorable." At the same time, he noted "a lot of uncertainty" surrounding the near-term economy and the Fed's monetary policy views.¹¹

What's Next

Trade representatives from the U.S. and China return to the negotiating table on Thursday; their meeting is scheduled to conclude on Friday. Any news stemming from their talks could quickly affect equity markets, both here and abroad.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Federal Reserve Chairman Jerome Powell speaks at the annual meeting of the National Association for Business Economics in Denver.

Wednesday: The Federal Reserve publishes the minutes from its September meeting.

Thursday: The Bureau of Labor Statistics presents the August Consumer Price Index, showing monthly and yearly inflation data.

Friday: The University of Michigan offers its preliminary October Consumer Sentiment Index, a measure of consumer confidence levels.

Source: Econoday, October 4, 2019

The Econoday and Federal Reserve 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

Tuesday: Domino's (DPZ)

Thursday: Delta Air Lines (DAL)

Friday: Citigroup (C), Fastenal (FAST)

Source: Zacks, October 4, 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	26,573.72	-0.92%	+13.92%
NASDAQ	7,982.47	+0.54%	+20.30%
MSCI-EAFE	1,846.42	-2.60%	+7.36%
S&P 500	2,952.01	-0.33%	+17.76%



	Treasury	Close	Week	Y-T-D
🇺🇸	10-Year Note	1.52%	-0.17%	-1.17%

Sources: The Wall Street Journal, October 4, 2019; Treasury.gov, October 4, 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, September 27 to the Friday, October 4 close. Weekly performance for the MSCI-EAFE is measured from the Friday, September 27 open to the Thursday, October 3 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

"Your competition isn't other people. Your competition is your procrastination. Your ego. The unhealthy food you're consuming. The knowledge you neglect. The negative behavior you're nurturing and your lack of creativity. Compete against that."

- Jade Jackson



Baked Donuts



Donuts might not be the healthiest choice for breakfast, but they sure are delicious. These baked, cinnamon-sugar donuts are simple to make and perfect for a solo breakfast or brunch party.

[makes 12 donuts]

Ingredients:

For the donuts:

- 2 6-donut pans (or one 12-donut pan)
- Nonstick cooking spray
- 2 cups flour
- 2 tsp. baking powder
- 1 tsp. cinnamon
- Sprinkle of salt
- 1 egg
- 1¼ cups whole milk
- 2 Tbsp. butter, melted
- 2 tsp. vanilla extract

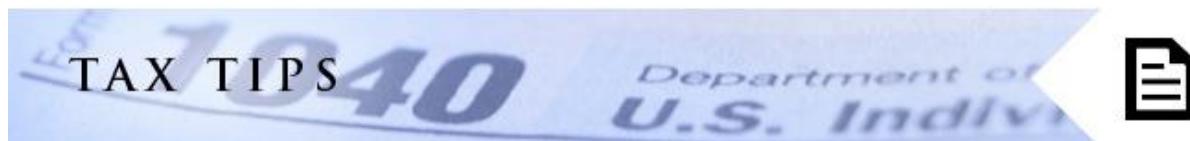
For the glaze:

- 1 stick of unsalted butter
- ¾ cup sugar
- 1 tsp. cinnamon

Directions:

1. Preheat the oven to 350° F.
2. Mix together the flour, sugar, baking powder, cinnamon, and salt.
3. In a separate bowl, whisk together the egg, milk, melted butter, and vanilla.
4. Stir the wet ingredients into the dry mix slowly until just combined (don't overmix).
5. Spoon the batter into well-sprayed donut pans. Fill each cup about halfway full.
6. Bake for 17 minutes. Allow to cool for five minutes.
7. For the glaze, melt the butter, then combine the cinnamon and sugar in a separate bowl. Dip each donut into the butter, then the cinnamon-sugar mix until coated (either on one or both sides).

Recipe adapted from The Food Network¹²



Tax Tips on Identity Theft

Unfortunately, getting your identity stolen and personal information compromised is all too common. Thieves steal other people's identity for many reasons, including filing a fraudulent tax return (to claim the refund), committing credit card fraud, or trying to get a job. Here are a few things to know when protecting yourself against identity thieves:

- The IRS will never contact you via email or phone to request personal information. If you receive a scam email claiming to be the IRS, report it to phishing@irs.gov.
- People can steal your identity by stealing your wallet or purse, receiving information they need over the phone or email, finding your personal information in the trash, or accessing information you provide to an unsecured website (only ever enter credit card information on secure websites that start with "https://").
- Your identity may have been stolen if a letter from the IRS indicates that more than one tax return was filed for you.

Read more tips [here](#).

* 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.gov¹³



Master the Low-Spinning Wedge Shot

You've likely seen the pros hit a beautiful chip shot that stays low and floats right next to the hole. But for some reason, you just can't seem to get that low-spinning shot when you're out playing. Well, let's share some secrets on how to achieve it.

The most important thing you need to do is understand the center of gravity of your shot and where it is relative to the ball. To achieve the low-spinning wedge shot, the center of gravity needs to be right below the ball for your entire shot (not just on impact). This will help launch the ball far and low. This occurs because the low-center of the face is the place where the ball spins the most. Think about hitting this shot one groove lower than your normal chip.

Tip adapted from Golf Tips Magazine¹⁴



Healthy Fast-Food Items

If you're making healthy eating a priority, you're probably staying away from fast food as much as possible. But whether you're in a rush or on a road trip, a quick, fast-food stop could be the only option. Luckily, there are actually some healthy options at most major fast-food chains that won't set you too far off your diet. Here are some of our favorites:

- **The Artisan Grilled Chicken Sandwich at McDonalds** has 380 calories, 6 grams of fat, and 36 grams of protein. It includes a grilled chicken patty, veggies, and whole-wheat bun.
- **The Steak Fresco Soft Taco at Taco Bell** - Salads aren't always the best option at fast food chains, and Taco Bell is a great example of that. These Steak Fresco Soft Tacos have 150 calories, 4 grams of fat, and 10 grams of protein, while the Fiesta Taco Salad has 760 calories and a whopping 39 grams of fat.

- **The Spinach, Feta, and Egg-White Breakfast Wrap at Starbucks** - Starbucks has really revamped their food menu, and this is just one of their many healthy options. Pair it with a black coffee or tea, and you have yourself a healthy breakfast on the go, with just 290 calories, 10 grams of fat, and 19 grams of protein.

Tip adapted from USA Today¹⁵



Extend the Life of Produce to Reduce Food Waste

Food waste is a major environmental issue. In fact, some data suggests that [40% of all food produced in the U.S. is wasted](#). These tips will help you reduce food waste, save you money, and help the environment:

- Put a paper towel under produce, like carrots, to absorb any extra moisture. This trick can extend the life of your produce for weeks.
- Some fruits and veggies shouldn't be refrigerated because they release ethylene gas, which can spoil nearby food. These items include avocados, bananas, peaches, tomatoes, oranges, and more.
- You can wrap some veggies, like broccoli and celery, in aluminum foil to preserve them for longer.
- You should clean out the crisper in your fridge frequently to reduce bacteria. They can cause your produce to spoil more quickly.
- Always store mushrooms in a paper bag to allow them to properly breathe.
- Cheese will last longer when wrapped in cheese or wax paper instead of plastic.

Tip adapted from Green Living Tips¹⁶

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

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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.

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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.wsj.com/market-data>

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

³<https://finance.yahoo.com/news/ism-manufacturing-101500823.html>

⁴<https://www.investing.com/news/economic-indicators/newsbreak-ism-services-index-tumbles-to-3year-low-1991459>

⁵<https://www.usatoday.com/story/money/2019/10/04/september-jobs-report-economy-added-135-000-145-000-were-forecast/3859017002/>

⁶<https://www.barrons.com/articles/the-dow-rose-97-points-because-we-still-want-to-invest-money-in-china-51569879471>

⁷<https://www.marketwatch.com/investing/index/comp/historical>

⁸<https://www.piie.com/blogs/trade-investment-policy-watch/trump-trade-war-china-date-guide>

⁹<https://www.bloomberg.com/news/articles/2019-08-04/asia-stocks-set-to-drop-with-trade-back-in-focus-markets-wrap>

¹⁰<https://www.cnbc.com/2019/09/30/us-stocks-investors-monitor-us-china-trade-impeachment-inquiry.html>

¹¹<https://www.reuters.com/article/us-usa-fed/fed-cuts-rates-on-7-3-vote-gives-mixed-signals-on-next-move-idUSKBN1W32H7>

¹²<https://www.foodnetwork.com/recipes/ina-garten/cinnamon-baked-doughnuts-recipe-2135621>

¹³<https://www.irs.gov/newsroom/top-tips-every-taxpayer-should-know-about-identity-theft>

¹⁴<https://www.golftipsmag.com/video/short-game/the-low-spinning-wedge-shot/>

¹⁵<https://www.usatoday.com/story/life/2019/01/17/healthy-fast-food-mcdonalds-taco-bell-starbucks-chipotle-chickfila-panera/2582149002/>

¹⁶<https://www.greenlivingtips.com/articles/food-storage-tips.html>