

Fed Cuts Rates, Stocks Retreat

Weekly Update – August 5, 2019

The Week on Wall Street

Last week, the Federal Reserve cut interest rates for the first time in more than a decade, in line with Wall Street's expectations. Ironically, stocks had their worst week of 2019.

The S&P 500 finished the week 3.10% lower. The Dow Jones Industrial Average and the Nasdaq Composite also posted weekly losses; the blue chips fell 2.60%, while the premier tech benchmark slumped 3.92%. International stocks tracked by MSCI's EAFE index dipped 1.06%.^{1,2,3}

Fed Cuts Benchmark Interest Rate

On Wednesday, the central bank reduced the federal funds rate by 0.25%. The latest Fed policy statement noted that "global developments" and "muted inflation" influenced the decision.

Addressing the media, Fed Chairman Jerome Powell described the cut as a "mid-cycle adjustment." After that comment, Wednesday's trading session turned volatile on the interpretation that the cut was a "one and done" move, instead of what might be the first in a series.⁴

More Tariffs Planned

Shares also fell Thursday, after a White House tweet indicated that the U.S. would put a 10% tariff on another \$300 billion of goods coming from China, effective September 1.

Practically speaking, this would mean a tariff on nearly all Chinese products arriving in America. So far, the announcement has not affected plans for trade delegates from both nations to continue negotiations in September.⁵

The Latest Hiring Data

Payrolls expanded with 164,000 net new jobs in July, according to the Department of Labor. The headline jobless rate stayed at 3.7%; it has now been under 4% for 17 months. The U-6 jobless rate, which counts both underemployed and unemployed Americans, dipped to 7.0%, a level unseen since December 2000.

Monthly job growth has averaged 140,000 over the past three months, compared to 187,000 in 2018.⁶

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: The Institute for Supply Management releases its latest Non-Manufacturing Purchasing Managers Index, its monthly gauge of business activity in America's service sector.

Source: Econoday / MarketWatch Calendar, August 2, 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: Marriott International (MAR), Tyson Foods (TSN)

Tuesday: Walt Disney Co. (DIS)

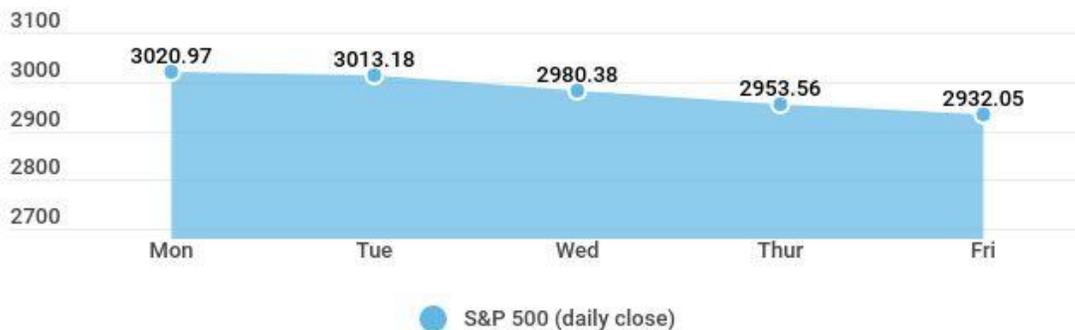
Wednesday: American International Group (AIG), CVS Health (CVS)

Thursday: Booking Holdings (BKNG), Uber (UBER)

Source: Zacks, August 2, 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	26,485.01	-2.60%	+13.54%
NASDAQ	8,004.07	-3.92%	+20.63%
MSCI-EAFE	1,894.34	-1.06%	+10.14%
S&P 500	2,932.05	-3.10%	+16.96%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.86%	-0.22%	-0.83%

Sources: The Wall Street Journal, August 2, 2019; Treasury.gov, August 2, 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, July 26 to the Friday, August 2 close. Weekly performance for the MSCI-EAFE is measured from the Friday, July 26 open to the Thursday, August 1 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



"Friendship is born at that moment when one person says to another, 'What! You too? I thought I was the only one.'"

– C.S. Lewis



Amish Sugar Cookies to Share



[5 Dozen]

Ingredients:

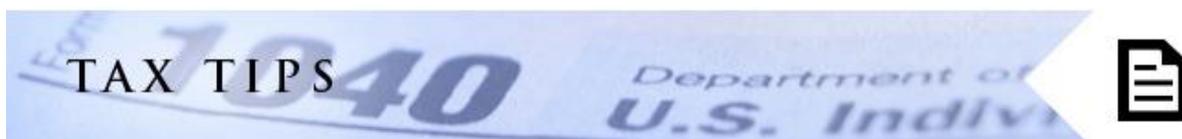
- 1 cup butter, softened
- 1 cup vegetable oil
- 1¼ cups sugar
- 1¼ cups confectioners' sugar
- 2 large eggs
- 1 tsp. vanilla extract
- 4½ cups flour
- 1 tsp. baking soda
- 1 tsp. cream of tartar

Directions:

These cookies are so easy to make and the perfect dessert to share with friends. They're sweet, soft, and perfect to go around. Have a family BBQ, school meeting, or book club coming up? Wow the crowd at your next gathering with these sweet treats.

1. In a large bowl, mix together the butter, oil, and sugar until blended. Mix in the eggs and vanilla, and blend.
2. Combine the dry ingredients (flour, baking soda, cream of tartar) and gradually add to the wet mixture until smooth.
3. Measure out a spoonful of dough and place it on an ungreased baking sheet. Bake at 375° F for 8 to 10 minutes or until golden. Chill and serve!

Recipe adapted from Taste of Home⁷



Roth vs. Traditional IRAs: What's the Difference?

Roth and Traditional IRAs are popular retirement savings accounts and have some similarities and differences. Here are a few:

Income Limits

Anyone who has earned income and is younger than 70½ can contribute to a Traditional IRA. Roth IRAs have income eligibility limits for contributions. Single filers can't earn more than \$137,000, and married couples can't earn more than \$203,000.

Tax Incentives

Traditional IRA contributions are generally tax deductible when you make the contributions, and withdrawals in retirement are taxed at the current income tax rate. Contributions to a Roth IRA aren't tax deductible, but earnings and withdrawals are generally tax free.

Withdrawal Rules

Traditional IRAs require you to start taking minimum distributions at age 70 ½. Roth IRAs don't have any required minimum distributions.

Deciding which retirement savings account is right for you is a personal decision and will depend on your income tax bracket (both now and when you retire), your income, and other criteria. A skilled financial advisor can help you decide which option, if any, is right for you.

* 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.

Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax. The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Tip adapted from IRS.gov⁸



Stick Your Finish

There are many mechanics to consider in a golf swing, from the tee up to the follow through. But one of the most important parts of the swing is often overlooked – the finish. Professional golfers have mastered how to swing with speed and power, but still slow down at the end of their swing to remain balanced and poised.

To achieve this for yourself, make sure you stick your finish throughout your whole swing and put the majority of your weight in your front foot. Not only will this help stop you from topping the ball, but it will give your shot the maximum amount of power through that front leg. You should also be driving power through your hips and glutes, not your momentum or lower back. This will help you stick your finish like a champ (and protect your back)!

Tip adapted from Golf Digest⁹



Eat This, Not That: Easy Food Swaps Anyone Can Do

Eating healthier doesn't have to be hard! In fact, you might not have to make any major changes in your current diet! By swapping out unhealthy options for healthier picks, you can cut the bad stuff and still enjoy your meal. Here are some of our favorite food swaps:

- Mustard instead of mayonnaise (0 calories vs. 90 calories)
- Scrambled eggs with green onions instead of cheese (170 calories vs. 275 calories)
- Sparkling water instead of soda (0 calories vs. 140 calories)
- Fresh fruit instead of dried fruit (69 calories vs. 325 calories)
- Greek yogurt instead of sour cream (28 calories vs. 60 calories)
- Olive oil spray instead of a tablespoon of olive oil (5 calories vs. 120 calories)
- Corn tortillas instead of flour tortillas (100 calories vs. 280 calories)
- All-bran cereal instead of granola (80 calories vs. 200 calories)
- Goat cheese instead of Brie cheese (70 calories vs. 100 calories)

There are lots of healthy swaps, like these, that can help you reduce your caloric intake, consume less sugar, and make it easy to create a more-balanced meal.

Tip adapted from Eat This, Not That¹⁰



Composting 101: Turn Waste Into Reward

Composting is an easy way to turn extra food, yard waste, and even some used paper into nutrient-rich mulch you can use for your garden. Plus, it's great for the environment and helps reduce landfill waste.

It's easy to compost at home. All you need is a compost bin, which you can make yourself or buy online. Compost bins usually need to turn in order to aerate the waste.

You can compost lots of items, including:

- Wood chips and pellets
- Table scraps
- Shredded newspaper
- Leaves and yard waste
- Dryer lint

The mulch made from these compostable materials is great for your garden because it helps aerate the soil, break down organic material for plant use, and ward off plant disease. It also offers a natural alternative to chemical fertilizers, reduces landfill waste, and may help to prevent global warming and climate change.

Tip adapted from Earth Easy¹¹

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!*

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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.

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.apnews.com/e15c18b9dbc44efab400d2214e2cb6f9>

²<https://www.wsj.com/market-data>

³<https://quotes.wsj.com/index/XX/990300/historical-prices>

⁴<https://www.forbes.com/sites/jjkinahan/2019/07/31/feds-quarter-point-rate-cut-weak-global-growth-trade-tensions-muted-inflation-cited>

⁵<https://www.cnn.com/2019/08/01/investing/asian-market-latest-trade-war/index.html>

⁶<https://www.cnn.com/2019/08/02/economy/july-jobs-report/index.html>

⁷<https://www.tasteofhome.com/recipes/amish-sugar-cookies/>

⁸<https://www.irs.gov/retirement-plans/traditional-and-roth-iras>

⁹<https://www.golfdigest.com/story/breaking-90-tim-cooke>

¹⁰<https://www.eatthis.com/food-swaps-cut-calories/>

¹¹<https://learn.eartheasy.com/guides/composting/#compostingmethods>