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## Treasury Yields Prompt Concerns

### WEEKLY UPDATE - MARCH 25, 2019

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#### The Week on Wall Street

Friday, the yield of the 3-month Treasury bill exceeded the yield of the 10-year Treasury note for the first time in 12 years. For some analysts, this "inverted yield curve" may imply a short-term lessening of confidence. (Treasury yields move inversely to Treasury prices.)<sup>[1]</sup>

As a result, the S&P 500 ended the week 0.94% lower. The Nasdaq Composite fell 0.80%, and the Dow Industrials lost 1.19%.<sup>[2][3][4]</sup>

In contrast, the MSCI EAFE index following international stocks rose, gaining 0.52% for the week.<sup>[5]</sup>

#### Fed Sees No Hikes in 2019

On Wednesday, the Federal Reserve held interest rates steady, but lowered its estimate of 2019 economic growth to 2.1%.

Last December, the central bank forecast two rate hikes in 2019. It now expects to leave rates unchanged this year, with one quarter-point hike projected for 2020.

This pivot may acknowledge a slight change in economic conditions. The Fed's latest policy statement noted that the "growth of economic activity has slowed from its solid rate in the fourth quarter."<sup>[6]</sup>

#### Oil Hovers Near \$60

At Friday's closing bell, a barrel of West Texas Intermediate (WTI) crude oil was valued at \$58.85 on the New York Mercantile Exchange (NYMEX). Its value briefly climbed to \$60 earlier in the week.

Month-over-month, the price of WTI crude has risen nearly 5%. Historically, higher

oil prices can have a significant impact on retail gasoline prices.<sup>[7]</sup>

### What's Next

A U.S. delegation is scheduled to accompany Treasury Secretary Steven Mnuchin to China this week for further trade negotiations. Finally, Brexit will not occur this Friday, as the European Union has extended the United Kingdom's deadline in response to Prime Minister Theresa May's request.<sup>[8][9]</sup>

### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** The Conference Board's latest reading on consumer confidence.

**Thursday:** February pending home sales, and the federal government's second estimate of fourth-quarter Gross Domestic Product (GDP).

**Friday:** Reports on consumer spending and new home sales, and March's final University of Michigan consumer sentiment index, another measure of consumer confidence levels.

Source: Econoday / MarketWatch Calendar, March 22, 2019

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 release of data may be delayed without notice for a variety of reasons, including the shutdown of the government agency or change at the private institution that handles the material.

### THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Monday:** Winnebago (WGO)

**Tuesday:** KB Home (KBH)

**Wednesday:** Lennar (LEN), Lululemon Athletica (LULU), Paychex (PAYX)

**Thursday:** Accenture (ACN)

**Friday:** Blackberry (BB), CarMax (KMX)

Source: Morningstar.com, March 22, 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.

 Forward to a Friend

Market Index	Close	Week	Y-T-D
DJIA	25,502.32	-1.19%	+9.32%
NASDAQ	7,642.67	-0.80%	+15.18%
MSCI-EAFE	1,900.10	+0.52%	+10.48%
S&P 500	2,800.71	-0.94%	+11.72%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.44%	-0.15%	-0.25%

Sources: The Wall Street Journal, Mar. 22, 2019, Treasury.gov, Mar. 22, 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 is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. 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

*"One person can make a difference, and everyone should try."*

- John F. Kennedy

## RECIPE OF THE WEEK

Classic Tomato and Bread Soup



Serves 6

### Ingredients:

- 1 medium onion
- 4 Tbsp. olive oil (divided)
- 4 to 6 cloves garlic, minced
- 2, 28-oz. cans whole, peeled tomatoes
- 2 to 3 bay leaves
- 2 cups of chicken stock
- 1½ cups of cubed, rustic bread (best to use day old)
- 1 tsp. dried oregano
- Pinch of chili flakes
- Approximately ½ tsp. salt, to taste
- Fresh ground pepper, to taste
- Freshly grated Parmesan cheese
- Chopped fresh basil or parsley, for garnish

### Directions:

1. Begin by adding the olive oil to a 5- to 6-qt. Dutch oven, warmed on medium heat. Sauté onions until translucent. Then, season with salt and pepper, add minced garlic, and cook for a few additional minutes.
2. Next, crush the tomatoes by hand, and transfer into the pot.
3. Add the chicken stock, bay leaves, and dried oregano. Heat to a simmer, then reduce heat to maintain a low simmer. Cook for about 20 minutes.
4. Warm up a large frying pan on medium heat and add the remaining olive oil into a sauté pan. When the oil is hot, evenly spread the cubed bread in the pan. Toss to coat with oil and brown the sides of the bread evenly.
5. After the soup has cooked for approximately 20 minutes, add the browned bread cubes. Cook for about 5 more minutes, then turn off the heat, cover the soup, and let stand for 15 minutes. Remove the lid, then extract the bay leaves and discard.
6. Set aside about ⅓ of the soup. Purée the rest with an immersion blender or pour it into a food processor and blend until smooth. Re-incorporate the blended and unblended soup. Pour into bowls and serve with grated Parmesan and chopped fresh parsley or basil.

Recipe adapted from Simply Recipes<sup>[10]</sup>



## Mileage Rates Increased for 2019\*

Each year, the IRS issues standard mileage rates used to calculate the deductible costs of operating vehicles for business, charitable, medical, or moving purposes.

As of January 1, 2019, the rates for vehicles used for the above purposes are:

- 58 cents per mile driven for business use
- 20 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The IRS determines the standard mileage rate for business use based on an annual study of fixed and variable costs of operating a vehicle. The rate for medical and moving purposes is based on the variable costs.

Taxpayers have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

\* 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.gov<sup>[11]</sup>

## GOLF TIP



### Take Your Wedge into the Sand... and Beyond

Many people think a sand wedge is only for the bunker. But really, you should use your sand wedge for bunker shots and most pitch shots to the green.

It's important to remember that the sand wedge has "bounce" on the sole of the club, meaning the back trailing edge is lower than the front leading edge. When used properly, or "improperly," as the case may be, the very forgiving design built into your sand wedge could help in a variety of lies and situations.

Try using it on your short approaches instead of a pitching wedge - you may be surprised!

Tip courtesy of Jay Perkins, PGA<sup>[12]</sup>

## HEALTHY LIFESTYLE



### Collagen Regenerates and Renews

Collagen is an abundant protein in the body, which regenerates and forms new tissues, but is poorly produced and replaced as we age. Studies have shown that supplementing with collagen may yield health benefits:

- **Faster exercise recovery:** those who supplemented with 3 grams of a collagen extract significantly improved their exercise recovery rates.
- **Help for arthritis:** collagen supplements reduced pain and inflammation in people diagnosed with osteoarthritis.
- **Younger-looking skin:** taking 2.5 to 5 grams of collagen daily resulted in significantly higher skin elasticity as well as improved skin moisture. Additionally, women who took 1 gram of collagen extract showed a significant reduction of dry, scaling skin, reduced lines and wrinkles, improved circulation, and a significant boost in overall collagen levels in the skin.
- **More benefits.** Taking the supplement stimulates tissue regeneration and slows the loss of bone density.

Be sure to research the type or types of collagen to support the benefit you are seeking, and tailor the variety and dosage to your individual needs.

Tip adapted from Amazing Wellness Magazine<sup>[13]</sup>



## Clean, Green Tips for Your Business

Greening your business is not only good for the environment, it is meaningful to your customers. It shows you care about the environment, the future of the planet, and that you're doing your part to encourage others to do the same. Here's a few ways to go green in business:

**Say no to waste.** Provide recycling bins and encourage employees to know how and what to recycle. Use recycled paper and limit waste with reusable utensils.

**Lighten up with energy-efficient LEDs.** LED lights are nearly 80% more efficient than standard light bulbs. Use smart power strips and timers to maximize energy savings.

**Keep track.** Knowledge is power, literally, when it comes to saving energy. Set energy saving goals and keep track with energy consumption calculators you can find online.

**Save water.** Saving water at work is easy with water-efficient toilets, automatic taps, sustainable landscaping, and rooftop rainwater collection.

Tip adapted from Leaders in Energy<sup>[14]</sup>

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## Share the Wealth of Knowledge!

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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.

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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