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# New Records and Changes

Weekly Update – September 24, 2018

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Last week brought new tariffs and data, and another look at changes coming to equity classifications. Overall, the S&P 500 gained 0.85% and the Dow was up 2.25%, while the NASDAQ dropped 0.29%.<sup>1</sup> International stocks in the MSCI EAFE had sizable growth, posting a 2.89% increase.<sup>2</sup>

## A Look Back: Last Week's Tariffs and Mixed Housing Data

For months, fears of a global trade war have dominated headlines. Last week, China and the U.S. launched new tariffs on each other's products, but the latest round of this trade skirmish had an interesting effect. Rather than feeling concerned, both analysts and investors interpreted the tariffs to be lower than what they expected. As concerns about the global trade war calmed, both the S&P 500 and Dow reached new record highs.<sup>3</sup>

In addition, we received some important economic information last week, including key updates on the housing industry. While the economy and markets are performing well, recent data indicates that the housing market isn't keeping up. The data revealed:

- The Housing Market Index remained at the same relatively low point it reached in August.<sup>4</sup>
- Housing starts jumped, but new building permits declined.<sup>5</sup>
- Existing home sales were flat, marking the first time in 4 months that they didn't decline.<sup>6</sup>

## A Look Ahead: This Week's Global Industry Classification Standard (GICS) Update

Since 1999, the GICS has been classifying stocks based on their sectors and industries, including most of the world's equities.<sup>7</sup>

As of Monday, the S&P 500 has adjusted its sectors to change telecom into communications services and moved several big stocks into new classifications. This move is the largest GICS change since 1999 and is partly an attempt to reduce tech stocks' weight in the markets. As technology companies have grown in the past few years, they have come to represent 26% of the S&P 500. Some experts believe that is an unbalanced level and allows tech to have too much influence on the markets.<sup>8</sup>

The GICS reclassification affects many notable companies, including Facebook, Netflix, Alphabet, and Twitter. They all now join the new communications services sector.<sup>9</sup> This sector name change may not actually alter the sway that technology companies have on the markets, but it will likely have other effects on investors. In the near term, volatility may increase as stocks move to new industries and fund managers adjust their holdings.<sup>10</sup>

Many factors determine the reclassification's specific effects on individual investors, so if you have questions about your portfolio, please let us know. We want to ensure you understand what you hold—and why—and how we are helping you adapt to both short- and long-term changes. If you would like guidance on any of the details we've shared today, we are always ready to help.

## ECONOMIC CALENDAR

**Tuesday:** Consumer Confidence

**Wednesday:** New Home Sales, FOMC Meeting Announcement

**Thursday:** Durable Goods Orders, GDP, Jobless Claims

**Friday:** Personal Income and Outlays, Consumer Sentiment

DATA AS OF 9/21/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.85%	9.58%	17.16%	11.37%	8.85%
DOW	2.25%	8.19%	19.61%	11.60%	8.91%
NASDAQ	-0.29%	15.70%	24.36%	16.17%	13.39%
INTERNATIONAL	2.89%	-2.72%	1.31%	1.67%	1.59%
DATA AS OF 9/21/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	2.05%	2.38%	2.58%	2.95%	3.07%

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](http://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

*"It's not the employer who pays the wages.  
Employers only handle the money.  
It's the customer who pays the wages."  
— Henry Ford*

## RECIPE OF THE WEEK

## Lemon Mascarpone Parfaits



Serves 8

### Ingredients:

16 ladyfinger cookies  
1 pint lemon sorbet, melted  
1 8-ounce package mascarpone  
1 cup heavy cream  
½ cup sweetened condensed milk  
1 teaspoon pure vanilla extract  
1 10-ounce jar lemon curd (about 1 cup)  
2 teaspoons finely grated lemon zest  
Raspberries

### Directions:

1. Place eight cookies in the bottoms of eight glasses (8 to 10 ounces). Carefully pour half of the melted sorbet over the cookies; let sit for 10 minutes.
2. At the same time, use an electric mixer (with whisk attachment) at low speed to mix mascarpone, heavy cream, sweetened condensed milk, and vanilla to combine.
3. Increase mixer speed to medium-high and mix until medium-stiff peaks are formed.
4. Mix lemon curd and zest in a second large bowl until it is thick and light in color.
5. Add ⅓ of the mascarpone mix into the lemon curd and mix until it is thoroughly blended. Then add in the rest of the mix.
6. Put some of the cream mix over the cookies; place raspberries and more cream on top. Break apart more of the cookies to fit on top of the cookie cream mix.

7. Do the same with the rest of the cookies and sorbet, making single layers with the cream.
8. Dab the rest of the cream mix on the top. Refrigerate until you're ready to serve.

Recipe adapted from Good Housekeeping<sup>11</sup>



### Monitor Your Tax Information Online

Looking to monitor your federal tax information? The IRS provides taxpayers with secure access to their personal tax information at <https://www.irs.gov/account>.

You may view:

- The amount of taxes you owe
- Your payment history
- Your tax history
- Information about your most recent tax return

You're able to view the same information that is available to IRS representatives. If you owe taxes, you may use bank account access information or a debit card to make payments. You may also apply to pay over time by applying for a payment plan. Go to <https://www.irs.gov/payments/online-payment-agreement-application>.

The account balance information on tax payments updates once a day. Payments usually take up to three weeks to appear in payment history.

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 that you discuss your specific tax issues with a qualified tax advisor.

Tip adapted from the IRS.gov<sup>12</sup>



### Turning Slices into Draws

**What's a slice?** If you're a right-handed player, your ball sails to the right. If you're left-handed, it goes to the left. A draw goes the other way.

**What's the big deal?** Most players struggle to avoid hitting slices.

**Why does it happen?** Right-handed players' clubs, for example, hit the ball with the clubface open (or to the right) in the swing path.

**What happens next?** The ball goes to the right (or to the left, for lefties) of the target.

**How do you fix a slice or turn a slice into a draw?** At address, stand with your body to the left of the target. (Reverse this procedure if you're left-handed.) Called an open stance, your setup is aligned to the left of the target.

**How does this help?** This shift in stance creates a kind of psychological adjustment during the backswing. It forces you to swing down more to the right of the target. In short, you aim left, but swing right.

**Why does this work?** As with golf as a whole, this move may feel counterintuitive. This adjustment is likely to send the ball to the left, making it into a draw.

Tip adapted from GolfDigest<sup>13</sup>



## How Do You Manage Heartburn and GERD?

It's the chronic coughing, the chest pain, the burning.

You wish you could avoid the onset of these symptoms—without medications. You can by identifying the triggers that inevitably lead to the pain and discomfort.

Acid reflux occurs when stomach acid flows the wrong way. If it doesn't improve, it can become gastro esophageal reflux disease (GERD). It causes chest pain, coughing, and trouble swallowing. (Frequent heartburn is a primary symptom of GERD.<sup>14</sup>)

Certain foods can cause or exacerbate acid reflux, such as chocolate, onions, acidic food, and red meat. Your best bet is to abstain from these and other trigger foods.

Here's a list of healthy dietary alternatives:

- Try drinking more water to help alleviate some of the symptoms. Sugary drinks and alcohol may irritate symptoms.
- Ginger is a soothing aid for upset stomachs from heartburn and acid reflux. Hot ginger tea without caffeine helps.
- While breakfast erases quite a few heartburn red flags, oatmeal's high-fiber content helps make you feel fuller and provides long-term energy by comparison. However, be on the lookout for those mischievous extras like cream, sugar, syrup, and dried fruit.
- In the vegetable aisle await some very effective heartburn fighters: potatoes, carrots, turnips, and parsnips. But beware the miscreants in their midst: garlic, onions, and peppers.

- Butter and margarine may be good-tasting fatty foods, but they come with a price. Go with more heartburn friendly olive oil.

A few dietary changes can take away the heart ache that plagues heartburn sufferers.

Tips adapted from WebMD<sup>15</sup>



### Shopping Green: Discovering Environmentally Friendly Foods

We're well aware of the waste of food at restaurants, grocery stores, and even in our own homes. In fact, according to a Natural Resources Defense Council report, around 40% of our food is never consumed; it ends up in the trash.<sup>16</sup> That's \$90 billion annually.

As other nations successfully implement programs and campaigns to eliminate food waste, we in the U.S. can also take steps to curb the habit.

Here are eight tips to help you get started:

1. **Shop smart.** You can plan your meals by using shopping lists. Buy items in bulk. Don't make impulse buys.
2. **Buy funny.** Many grocers toss away "funny" fruits and vegetables, which may be different in size, shape, or color from regular ones. Funny fruits and vegetables are just as good and healthy, but they're not as popular. You can get them at farmer's markets or discount grocers.
3. **Watch the date.** Those "sell by" or "use by" labels are produced by food manufacturers and generally refer to optimum quality, not safety. Except for certain baby foods, the label dates are not federally regulated. Most foods remain safe—and fresh—after their "sell by" dates.
4. **Explore your refrigerator.** Look for recipes that help you create meals from what currently occupies your cold spaces. For more information, go to <https://www.lovefoodhatewaste.com/>.
5. **Think arctic.** Your freezer is your friend. Put fresh produce and leftovers in your freezer. Frozen foods will last significantly longer.
6. **Take it home.** Most restaurants provide to-go containers for leftovers. Eat the food later; don't let it just sit there. Only half of Americans ask to take leftovers home.
7. **Throw it not too far out.** Make your food scraps into compost. This reduces the environmental impact and nourishes the soil.
8. **Give it away.** You can donate nonperishable food to local food banks, pantries, or shelters. Many charity organizations provide free collections to donors.

Tip adapted from EarthShare<sup>17</sup>

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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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<sup>1</sup> <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=SPX&region=usa&culture=en-US>

<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=DJI&region=usa&culture=en-US>

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

<sup>2</sup> <https://www.msci.com/end-of-day-data-search>

<sup>3</sup> <https://www.cnbc.com/2018/09/21/wall-street-turns-to-economic-data-and-trade-spat-news.html>

<sup>4</sup> <http://wsj-us.econoday.com/byshoweventfull.asp?fid=496710&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

<sup>5</sup> <http://wsj-us.econoday.com/byshoweventfull.asp?fid=485719&cust=wsj-us&year=2018&lid=0&prev=/byweek.asp#top>

<sup>6</sup> <https://www.ftportfolios.com/Commentary/EconomicResearch/2018/9/20/existing-home-sales-were-unchanged-in-august>

<sup>7</sup> <https://www.investopedia.com/terms/g/gics.asp>

<sup>8</sup> <https://www.cnbc.com/2018/09/21/on-monday-google-facebook-and-netflix-will-make-a-big-market-move.html>

<sup>9</sup> <https://www.reuters.com/article/us-usa-stocks-gics-explainer/what-sector-overhaul-means-for-tech-stocks-wall-street-idUSKCN1LZ2JT>

<sup>10</sup> <https://www.reuters.com/article/us-usa-stocks-gics-explainer/what-sector-overhaul-means-for-tech-stocks-wall-street-idUSKCN1LZ2JT>

<sup>11</sup> <https://www.goodhousekeeping.com/food-recipes/dessert/a22577243/lemon-mascarpone-parfaits-recipe/>

<sup>12</sup> <https://www.irs.gov/newsroom/taxpayers-can-monitor-their-irs-information-online>

<sup>13</sup> <https://www.golfdigest.com/story/a-different-way-to-turn-a-slice-into-a-draw>

<sup>14</sup> <https://www.mayoclinic.org/diseases-conditions/heartburn/expert-answers/heartburn-gerd/faq-20057894>

<sup>15</sup> <https://www.webmd.com/heartburn-gerd/default.htm>

<sup>16</sup> <https://www.nrdc.org/issues/food-waste>

<sup>17</sup> <http://www.earthshare.org/nofoodwaste/>