

Markets ended the last trading day of August in the red, with the Dow and S&P 500 posting their worst monthly declines since May 2012. Trading was slow on Friday as worries about the escalating Syria situation and the Fed appear to have discouraged some investors. For the week, the S&P 500 lost 1.84%, the Dow lost 1.33%, and the Nasdaq lost 1.86%.¹

Impending military action in Syria has contributed to recent market volatility. President Obama has been drumming up support for a military response to the use of chemical weapons in Syria, but a final decision has yet to be made. While the President has emphasized that he is seeking approval for a limited action, there's no way to know how long intervention in Syria might take or how it would affect oil production in the Middle East.²

An end to Federal Reserve quantitative easing is also weighing on markets. Richmond Fed President, Jeffrey Lacker, a consistent supporter of tapering, said that current economic conditions support tapering, though other Fed officials have been more cautious. At this point, the data ahead of the Fed's September meeting remains unclear.³ U.S. consumer spending barely rose in July, and consumer sentiment retreated from its six-year high in August, offering cautionary notes as the Fed weighs its tapering decision.⁴ On the other hand, the number of Americans seeking unemployment claims fell last week as expected, suggesting that the job market strengthened in August.⁵ Meanwhile, the U.S. economy accelerated in the second quarter because of a surge in exports, bolstering the case for an end to further quantitative easing.⁶

Traders will have a lot of data to analyze this week; on everyone's radar is the August monthly employment situation report, which will be released on Friday. Analysts will also be poring over the ADP jobs report to be released Thursday, which may give us some hints about Friday's report. This jobs data is particularly important because it will be one of the major factors considered at the next FOMC meeting; if the data is positive, it makes a September taper much more likely. Several Fed presidents are also scheduled to speak this week, and Fed watchers will be paying close attention to try and define the Fed's intentions ahead of the September 17 meeting.

While it's disappointing to end August on a sour note, keep in mind that markets are often thinly traded ahead of a holiday weekend, and volatility can cause major swings in equities under these conditions. Realistically, continued volatility is likely in the coming weeks and months as markets grapple with tensions in the Middle East, an end to quantitative easing, and continued sequestration debates in Washington. It's important

to remember that volatility sometimes provides investment opportunities and that we vigilantly seek those opportunities for our clients.

ECONOMIC CALENDAR:

Monday: U.S. Markets closed for the Labor Day holiday

Tuesday: PMI Manufacturing Index, ISM Mfg. Index, Construction Spending

Wednesday: Motor Vehicle Sales, International Trade, Beige Book

Thursday: ADP Employment Report, Jobless Claims, Productivity and Costs, Factory Orders, ISM Non-Mfg. Index, EIA Petroleum Status Report

Friday: Employment Situation

Data as of 8/30/2013	1-Week	Since 1/1/2013	1-Year	5-Year	10-Year
Standard & Poor's 500	-1.84%	14.50%	16.68%	5.46%	6.20%
DOW	-1.33%	13.02%	13.92%	5.66%	5.73%
NASDAQ	-1.86%	18.89%	17.75%	10.33%	9.83%
MSCI EAFE	-3.26%	5.82%	15.27%	-1.40%	4.70%
Data as of 8/30/2013	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.02%	0.05%	0.13%	1.62%	2.78%

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance and Treasury.gov. 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.

HEADLINES:

China factory activity spikes. Manufacturing in China grew at its fastest pace in more than a year in August. Beijing has instituted a number of measures to boost economic activity, and the factory data raises hopes that an economic slowdown may have been arrested.⁷

Gas prices falling this Fall. While Mideast tensions continue to ratchet up, the effect on oil prices may be muted since the U.S. does not depend heavily on oil from that region. Analysts believe gas prices will fall as demand slows down after the summer.⁸

Foreclosures fall in July. There were fewer foreclosures in July than the same period a year ago as the housing market continues to improve. A recent spike in mortgage rates could also be affecting foreclosure sales since they are measured when a foreclosed house is sold or acquired by a bank; however, the overall trend is towards fewer Americans losing their houses.⁹

Midwestern factory activity rises in August. The pace of business activity in the Midwest increased in August, and prices hit a nine-month high, indicating that the region's economy is expanding.¹⁰

QUOTE OF THE WEEK



"Adversity causes some men to break; others to break records."

– William Arthur Ward

RECIPE OF THE WEEK



Rigatoni With Grilled Peppers and Onions



Delicious grilled veggies top simple pasta. Recipe from RealSimple.com.

Ingredients:

- 12 ounces (4 to 5 cups) rigatoni
- 2 medium red onions, sliced into 1/2-inch-thick rings
- 2 large red bell peppers, cut into quarters
- 1 tablespoon olive oil
- kosher salt and pepper
- 1 bunch spinach, stems trimmed, or one 5-ounce package
- 1 cup (about 3 1/2 ounces) grated Parmesan
- 3/4 cup basil leaves, thinly sliced

Directions:

1. Cook the pasta according to the package directions. Reserve 1 cup of the cooking water; drain the pasta and return it to the pot.

2. Meanwhile, heat grill or grill pan to medium-high. In a large bowl, toss the onions, bell peppers, oil, and ½ teaspoon each salt and pepper.
3. Grill the vegetables, turning occasionally, until tender, 8 to 10 minutes. Transfer to a cutting board and cut into bite-size pieces.
4. Add the grilled vegetables, spinach, reserved pasta water, and ¾ cup of the Parmesan to the pasta and toss to combine.
5. Top with the basil and the remaining ¼ cup Parmesan before serving.



Newlyweds? Get Your Taxes in Order

Summer is a popular time of year for weddings. If you're newly married, there are a few things you should do to get your taxes in order:

- It's important that the names and Social Security numbers that you put on your tax return match your Social Security Administration records. If you've changed your name, report the change to the SSA. To do that, file Form SS-5, Application for a Social Security Card.
- If you are married as of Dec. 31, that's your marital status for the entire year for tax purposes. You and your spouse usually may choose to file your federal income tax return either jointly or separately in any given year. Consult a tax professional to determine which status results in the lowest taxes.



Exercise to Improve Your Swing

The ability to rotate your upper body while keeping your lower body still is critical to developing a smooth swing. These exercises will help improve your stability and movement:

Rotational Stretch:

Simulate a backswing so your left arm points toward the ground at 45 degrees (right arm in line with your left). Hold this position for a second and then rotate in the opposite direction. Repeat six to eight times.

Semi-Lunge, Closed Side Rotation:

Step forward with your right leg and rotate your upper body toward it. Your arms should be extended and in-line on a 45-degree angle to the ground. Alternate right and left leg lunges six to eight times. Tip courtesy of Golf Digest.



Use Wood Ash to Boost Compost

If you've been firing up a grill or fire pit this summer, don't just throw out all of that wood ash. While charcoal briquettes contain chemicals and should be thrown out, plain wood or hardwood charcoal ash has many beneficial nutrients like potassium carbonate, phosphate, iron, and zinc, which are released from wood fibers during burning. Spread the ash between layers of your compost heap to enrich your topsoil and garden pots.



Improve Your Memory

Many Americans complain about losing their memory over time, but research shows that there are some things we can do to help:

- Memorize three names a day, such as those of a local news anchor, a grocery clerk, and a player on your favorite sports team. Doing so will exercise your memory muscles.
- Take walks with a friend, it will work your cardiovascular system and give you some social interaction and mental stimulation.
- Meditate, it reduces anxiety and may improve blood flow to the brain. A quick routine: Inhale for a count of seven, hold for a count of seven, exhale for a count of seven. Repeat seven times.

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

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 indexes from Europe, Australia and Southeast Asia.

The S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

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.

Google Finance is the source for any reference to the performance of an index between two specific periods.

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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 <http://briefing.com/investor/markets/weekly-wrap/weekly-wrap-for-august-26-2013.htm>

² <http://www.cnbc.com/id/100997107>

³ <http://www.cnbc.com/id/100994258>, <http://blogs.wsj.com/economics/2013/08/29/richmond-feds-lacker-stronger-job-growth-signals-its-time-to-scale-back-bond-buying/>

⁴ <http://www.cnbc.com/id/100987834>, <http://www.cnbc.com/id/100987787>

⁵ <http://www.cnbc.com/id/100996176>

⁶ <http://www.cnbc.com/id/100996176>

⁷ <http://finance.yahoo.com/news/china-official-manufacturing-pmi-rises-011610236.html>

⁸ <http://finance.yahoo.com/blogs/big-data-download/falling-gas-prices-fall-162756779.html>

⁹ <http://www.cnbc.com/id/100996719>

¹⁰ <http://www.cnbc.com/id/100987787>