

Stocks shook off the winter gloom and rallied for most of last week, ending February with another record high for the S&P 500. For the week, the S&P 500 gained 1.3%, the Dow rose 1.4%, and the Nasdaq grew 1.1%.¹

The market rally faded later in the week on news that Ukraine's political instability may lead to a fight with Russia. Russian troops moved into Crimea, an autonomous region within Ukraine, last week and appear ready to take an active role in protecting Russian interests. Ukraine plays an important part in global natural gas supplies, and traders are jittery about possible disruptions if the saber rattling escalates into outright war between the two nations.²

Fed chairman Janet Yellen testified before the Senate Banking Committee this week (after winter weather delayed her visit) and largely mirrored the remarks she made before the House. She stated that the taper is likely to continue at a measured pace but emphasized that the pace is dependent on progress in the labor market and overall economy. She noted that recent softness in economic data might be attributable to seasonal weather factors and that the Fed would watch carefully to ensure that future data falls in line with long-term trends. She also assured Senate members that interest rates are likely to remain low even after the unemployment rate dips below 6.5%; Yellen made the important point that 6.5% doesn't meet the Fed's definition of full employment, but rather a threshold for discussions about policy changes.³

Looking ahead, we've got some important pieces of economic data being released this week. Investors will be interested in the Employment Situation report for February, which will be released on Friday. We'll get a preview of the jobs numbers in the private sector ADP report, which will be released on Wednesday.

Analysts will also be looking for more news on the Ukraine situation. While it's probable that any fighting would stay local, neighboring countries Poland, Lithuania, and Latvia, former Soviet territories, are members of NATO and will not welcome any Russian incursions into the region. A showdown between Russia, the U.S., and Europe over strategic interests could cause another selloff in emerging markets as investors think hard about risks. The price of oil and natural gas could rise as markets react to possible disruptions in supply.

While we're hopeful that both sides will take a step back and ratchet down their belligerent stances, we're not sure how it's going to play out. However, keep in mind that U.S. investors have seen these geopolitical flash fires before. While we can't use

the past to predict the future, we can look to history for hints of what might come. Remember the shipping showdown with Iran in 2012? How about when Russia and Ukraine faced off in 2009 over a natural gas pipeline? The point is that while markets may react nervously in the short term, these flare-ups generally don't have lingering effects on global markets. Instead of worrying too much, let's take a moment to count our blessings and think about the suffering of those caught up in political upheaval and hope for a peaceful resolution.

ECONOMIC CALENDAR:

Monday: Motor Vehicle Sales, Personal Income and Outlays, PMI Manufacturing Index, ISM Mfg. Index, Construction Spending

Wednesday: ADP Employment Report, ISM Non-Mfg. Index, EIA Petroleum Status Report, Beige Book

Thursday: Jobless Claims, Productivity and Costs, Factory Orders

Friday: Employment Situation, International Trade

Data as of 2/28/2014	1-Week	Since 1/1/14	1-Year	5-Year	10-Year
Standard & Poor's 500	1.26%	0.60%	22.76%	30.59%	6.24%
Dow	1.36%	-1.54%	16.13%	26.22%	5.42%
NASDAQ	1.05%	3.15%	36.32%	42.53%	11.22%
U.S. Corporate Bond Index	0.67%	2.19%	-2.32%	4.83%	0.59%
International	0.81%	0.61%	15.96%	24.07%	7.77%
Data as of 2/28/2014	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.04%	0.08%	0.12%	1.51%	2.66%

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. Corporate bond performance is represented by the DJCBP. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

HEADLINES:

Q4 economic growth revised downward. Fourth quarter 2013 Gross Domestic Product (GDP) numbers were revised down from 3.2% to 2.4% in the second estimate. The revision came after several economic factors came in under estimates.⁴

China's factory output sinks. Activity in Chinese factories fell to an 8-month low in February, reinforcing signs of a modest slowdown in the economy due to falling demand. The results, part of an official government survey, are in line with other third-party reports on Chinese manufacturing.⁵

New home sales surge. Sales of new homes skyrocketed in January, reaching the highest levels since mid-2008. Sales jumped 9.6% after a sudden drop-off in December. Contracts to buy previously owned homes also edged back up in January after a stall at

the end of 2013. Keep in mind that monthly figures can be volatile this time of year and analysts will want to see more data before feeling completely optimistic about the housing market.⁶

Consumer confidence ticks up. An optimistic outlook by younger Americans and a higher stock market pushed up the chief measure of U.S. consumer sentiment in February. While the increase was small, analysts hope that warmer weather will cause sentiment and spending to pick up in the spring.⁷

QUOTE OF THE WEEK

“Every champion was once a contender that refused to give up.”

– Rocky Balboa

RECIPE OF THE WEEK

Cauliflower Penne Puttanesca



Add some spice to a midweek dinner. Recipe from RealSimple.com

Ingredients:

3/4 pound penne or some other short pasta
3 tablespoons olive oil
1 small head cauliflower (about 1 1/2 pounds), cored and cut into small florets
Kosher salt and black pepper
2 cloves garlic, chopped
1 28-ounce can whole peeled tomatoes
1/2 cup pitted kalamata olives, chopped
2 tablespoons capers, rinsed
1/4 teaspoon crushed red pepper
2 tablespoons chopped fresh flat-leaf parsley
Grated Parmesan, for serving

Directions:

1. Cook the pasta according to the package directions. Drain and return it to the pot.
2. Meanwhile, heat the oil in a large skillet over medium-high heat. Add the cauliflower, 1/2 teaspoon salt, and 1/4 teaspoon black pepper. Cook, tossing occasionally, until golden, 4 to 6 minutes.
3. Add the garlic and cook, stirring, until fragrant, about 1 minute.
4. Add the tomatoes and their juices, olives, capers, and crushed red pepper. Cook, stirring occasionally and breaking up the tomatoes with a spoon, until the cauliflower is tender, 8 to 10 minutes more.
5. Toss the pasta with the sauce. Serve topped with the parsley and Parmesan.



Tax Help for Aging Relatives

If you're taking care of aging parents, the tax code may offer some help if you and your folks meet the criteria. According to the IRS, the key determinant is whether you can claim an elderly relative as a dependent. This generally requires you to be responsible for more than half of his or her upkeep. Here are some questions to ask yourself when determining whether you can claim someone as a dependent:

- How much support you provide for living expenses;
- How much income he or she has, including Social Security;
- How much of medical bills you must pay out of pocket;
- Any combined help from siblings or other relatives.

Dependency is tricky and it's best to consult a tax professional who can give you advice about your personal financial situation.



Improve Your Golf Posture

Bad posture can cramp your swing and cause aches and pains. To improve it, find a mirror and follow these simple steps:

1. Soften your knees.
2. Hinge forward from the hip, keeping your spine straight and sucking in your stomach to help your hips push back. Avoid rounding or arching your lower back. If you're struggling, stand with your back close to the wall and push your rear out until it touches the wall.
3. Feel yourself balance over the laces of your shoes with your hands hanging right in front of your toes.
4. Now swing!



Cut Your Energy Bill in Cold Weather

If cold weather is pushing your heating bills sky high, there are a few things you can do to bring it back down.

- **Cut back the heat.** Dialing back the thermostat even two degrees can save you hundreds of dollars a year. Enough to buy sweaters and slippers for the whole family.
- **Insulate your water tank.** Doing so will allow you to turn down the heater thermostat to somewhere between 140°-150° F or “warm normal/warm medium.”
- **Clean your furnace filter.** If you've been running the furnace more than usual, it's probably time to clean the filter. It can improve furnace efficiency by up to 50%.



Coffee is Great for Health (Maybe)

Recent research has found that coffee may help prevent diseases like stroke and certain types of cancer, lower risks of Parkinson's and dementia, and boost concentration and memory.

However, it's important to keep in mind that caffeine is a stimulant with addictive properties. It can react with certain medications and anyone who's tried to quit their caffeine addiction can tell you about mental fuzziness, headaches, and fatigue until the body adjusts.

So, how much is enough? Experts say that 300mg of caffeine per day (or about 3 8-ounce cups of moderately strong joe) is enough to reap the benefits.

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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

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 Dow Jones Corporate Bond Index is a 96-bond index designed to represent the market performance, on a total-return basis, of investment-grade bonds issued by leading U.S. companies. Bonds are equally weighted by maturity cell, industry sector, and the overall index.

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.

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 <http://briefing.com/investor/markets/weekly-wrap/weekly-wrap-for-february-24-2014.htm>

² <http://www.cnbc.com/id/101455699>

³ <http://blogs.marketwatch.com/capitolreport/2014/02/27/live-blog-and-video-of-janet-yellens-testimony-before-a-senate-panel/>

⁴ <http://briefing.com/investor/markets/weekly-wrap/weekly-wrap-for-february-24-2014.htm#ixzz2uocg6vnl>

⁵ <http://www.cnbc.com/id/101454515>

⁶ <http://www.usatoday.com/story/money/business/2014/02/26/new-home-sales-january/5830997/>,
<http://www.reuters.com/article/2014/02/28/us-usa-economy-homes-idUSBREA1R13T20140228>

⁷ <http://www.cbsnews.com/news/consumer-confidence-ticks-up-in-february/>