
What's Grown At the Fastest Pace in 4 Years?

Weekly Update – March 2, 2015

Stocks ended the week mixed after losses related to a lower fourth-quarter Gross Domestic Product estimate. However, after a lackluster January, the major indices ended February on an upbeat note, with the S&P 500 posting a 5.5% gain.¹ For the week, the S&P 500 lost 0.27%, the Dow lost edged down 0.04%, and the NASDAQ gained 0.15%.²

Though we're two-thirds through with the first quarter of 2015, investors were thinking about fourth-quarter 2014 GDP last week. The revised estimate shows that the economy grew 2.2% in the final three months of the year, lower than the 2.6% originally reported. However, the good news is that consumer spending, one of the largest contributors to the economy, grew at the fastest pace in four years.³ A significant downward revision of business inventories, a measure of how optimistic U.S. firms are about future demand, was mostly responsible for the lower GDP report.⁴

Federal Reserve chair Janet Yellen gave investors some more guidance about interest rates in speeches before the House and Senate. Though she still preaches patience, she also indicated that the central bank might raise rates as early as July. Though the rate raise may give stocks the jitters, banks may respond by raising consumer rates to compete for your business. On the other hand, higher rates could drag on the housing market.⁵

With earnings season largely over, we can start drawing some conclusions about how U.S. companies did in the fourth quarter. Overall, Q4 earnings gave us a mixed picture. Out of 465 S&P 500 companies, earnings were up 6.5 percent over fourth quarter 2013, but revenues were up just 1.6 percent.⁶ These results suggest that many firms are still struggling with weak demand. Many firms also issued low guidance for the first quarter of 2015, indicating that they're worried about their growth prospects this year – this squares with the lower business inventories data found in the Q4 GDP report.⁷ Hopefully, we'll see lower energy prices push up spending and help U.S. companies beat their earnings estimates.

Looking ahead, analysts will be focusing on the February jobs report this week, which they hope will show that the labor market continues to recover. Investors will spotlight wage growth, a key figure that indicates how much more money workers have in their wallets.⁸ Economists anticipate that improving job prospects and low gasoline prices could support increased consumer spending this quarter.

ECONOMIC CALENDAR:

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

Tuesday: Motor Vehicle Sales, **Janet Yellen Speaks 8:15 PM ET**

Wednesday: ADP Employment Report, SM 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 2/27/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.27%	2.21%	13.49%	18.11%	7.37%
DOW	-0.04%	1.74%	11.43%	15.12%	6.73%
NASDAQ	0.15%	4.80%	14.92%	24.35%	14.03%
U.S. Corporate Bond Index	0.86%	1.45%	3.36%	2.44%	1.12%
International	1.05%	6.27%	-2.56%	4.73%	1.99%
Data as 2/27/2015	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.02%	0.07%	0.22%	1.54%	2.03%

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:

Pending home sales rises to highest level since 2013. A measure of houses under contract rose in January as better credit conditions and more jobs boosted housing market activity. Since we are approaching prime home buying season, analysts hope the trend will continue into the spring.⁹

New single-family home sales drop slightly. Sales of newly built houses edged downward in January, possibly because of cold winter weather in the Northeast. However, sales are up 5.4% since January 2014 in a hopeful sign for the sluggish housing market.¹⁰

Durable goods rise in February. Orders for long-lasting manufactured products – like cars, refrigerators, and electronics – climbed 2.8% from January, indicating that businesses expect to be able to sell big-ticket items in coming months.¹¹

Consumer sentiment drops slightly in February. Icy weather caused a gauge of consumer sentiment to slip last month. Despite the harsh weather, American confidence in the economy remains near eight-year highs.¹²

QUOTE OF THE WEEK



"It always seems impossible until it's done."

– Nelson Mandela

RECIPE OF THE WEEK



Raspberry-Rhubarb Tart



Use a cast-iron skillet to get a perfectly crisp crust.

Serves 6

Ingredients:

2 cups all-purpose flour, plus more for the work surface
1/4 teaspoon kosher salt
1 cup plus 2 tablespoons granulated sugar
14 tablespoons unsalted butter, chilled and cut into small pieces
3/4 pound fresh rhubarb, trimmed and cut into 1-inch pieces
12 ounces fresh raspberries
Whipped cream or vanilla ice cream, for serving (optional)

Directions:

1. Heat oven to 400° F. In a food processor, combine the flour, salt, and 1 tablespoon of the sugar. Add the butter and pulse until the mixture resembles coarse meal. Add cold water, 1 tablespoon at a time, and pulse until the dough comes together but is still slightly crumbly (you should use 3 to 4 tablespoons total). Turn the dough onto a lightly floured surface and knead gently. Shape the dough into a disk, wrap it in plastic, and refrigerate for 20 minutes.
2. Meanwhile, in a large bowl, combine the rhubarb, raspberries, and 1 cup of the remaining sugar; set aside.
3. On a lightly floured surface, roll the dough into a 14-inch circle. Place it in a large cast-iron skillet, allowing the dough to hang over the edge. Top with the rhubarb mixture. Fold the edge of the dough over the fruit (to create pleats).
4. Lightly brush the top of the dough with water and sprinkle with the remaining sugar. Bake until golden brown, 50 to 55 minutes. Let cool for 5 to 10 minutes. Slice into wedges and serve with the whipped cream or ice cream (if using).

Recipe adapted from RealSimple.com¹³



It's Tax Fraud Season

Tax season also means an uptick in tax-related fraud. Stay alert for phone or email scams that try to steal your money or your identity. Here's what you should know:

- The IRS will never contact you by phone, email, text or social media to ask for your personal or financial information.
- The IRS will never call to demand immediate payment. The IRS will always mail a bill first.
- The IRS will never require you to pay your taxes by prepaid debit card or Western Union.
- If someone calls you claiming to represent the IRS, hang up and immediately call the IRS helpline at 800-829-1040.
- Forward any IRS-related emails to phishing@irs.gov and delete them without responding.

If you're worried about tax-related identity or financial theft, call the IRS or speak with a qualified tax professional.

Tip courtesy of IRS.gov¹⁴



Use a Center-Shafted Putter? Eyes Straight.

One of the most overlooked aspects of a solid short game is keeping your eyes in the proper position when you set up to the ball. If you use a center-shafted putter, i.e. one where the shaft of the club enters the clubhead near the center, you need to keep your eyes directly over the ball. Your club is designed to swing like a pendulum and never deviate from the target line to the hole. By keeping your eyes over the ball, you help give your body the cue for a straight back and forth swing.

Tip courtesy of Joe Buttitta | Golf Tips Mag¹⁵



Do You Really Need Dietary Supplements?

Many Americans take dietary supplements to increase their daily intake of important vitamins and minerals. However, since they are largely unregulated by the Food & Drug Administration, there's no way to know what's in most supplements – or even whether they contain the right active ingredients at all. There's also little scientific evidence of any health benefits to many common supplements. Instead, try adding more whole foods to your diet and checking with your physician before taking over-the-counter supplements.

Tip courtesy of AARP¹⁶



Commercial Carwashes Can Be Greener

While you might think that washing your car at home will save on water and time, commercial car washes typically use 60% less water than the average car owner uses just to rinse the car off. They also have better systems for handling dirty, soapy water, and typically channel wastewater directly to treatment plans. If you wash your car in your street or driveway, the waste flows directly into storm drains and into local bodies

of water. If you do choose to wash your car at home, try parking it over grass or gravel to filter out pollutants and dump wastewater into your sink drain.

Tip courtesy of AARP¹⁷

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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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You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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¹ <http://goo.gl/7djSNs>

² <http://goo.gl/xuK4x9>

³ <http://www.bloomberg.com/news/articles/2015-02-27/u-s-gdp-grew-less-than-previously-estimated-in-fourth-quarter>

⁴ <http://www.cnbc.com/id/102462716>

⁵ <http://www.foxnews.com/opinion/2015/02/25/five-things-should-know-about-janet-yellens-plan-for-higher-interest-rates/>

⁶ <http://www.zacks.com/commentary/38064/q4-earnings-season-winding-down>

⁷ <http://www.zacks.com/commentary/38064/q4-earnings-season-winding-down>

⁸ <http://www.cnbc.com/id/102464548>

⁹ <http://www.foxbusiness.com/markets/2015/02/27/pending-home-sales-in-january-rise-to-highest-level-since-aug-2013/>

¹⁰ <http://www.foxbusiness.com/economy-policy/2015/02/25/january-new-home-sales-fall-less-than-expected/>

¹¹ <http://www.foxbusiness.com/economy-policy/2015/02/26/durable-goods-orders-rise-more-than-views/>

¹² <http://www.foxbusiness.com/markets/2015/02/27/us-consumer-sentiment-index-slides-in-february-as-wintery-weather-chills/>

¹³ <http://www.realsimple.com/food-recipes/browse-all-recipes/raspberry-rhubarb-tart>

¹⁴ <http://www.irs.gov/uac/Stay-Vigilant-Against-Bogus-IRS-Phone-Calls-and-Emails>

¹⁵ <http://www.golftipsmag.com/instruction/putting/quick-tips/eye-position.html#.VPOD07DF-I0>

¹⁶ <http://www.aarp.org/health/healthy-living/info-2015/heart-health.html>

¹⁷ <http://www.aarp.org/home-family/your-home/info-2014/save-money-go-green.html>