

Markets lost ground again last week, giving up most of the previous week's gains as investors tread water ahead of earnings season. For the week, the S&P 500 lost 2.23%, the Dow fell 2.29%, and the NASDAQ dropped 2.69%.<sup>1</sup>

Though markets were choppy all week, stocks closed slightly higher on Friday after remarks by Federal Reserve Chair Janet Yellen reassured investors that the path to higher interest rates would be gradual and data-driven.<sup>2</sup> Investors also got a look at the final Q4 Gross Domestic Product (GDP) reading, which showed that the economy grew just 2.2% in the last three months of the year.<sup>3</sup> While this isn't a bad number by any stretch, economic growth cooled significantly from the 5.0% growth seen in the third quarter.<sup>4</sup> Overall, the economy grew 2.4% in 2014, up from 2.2% in 2013.<sup>5</sup>

Investors care about GDP reports because they provide the most comprehensive scorecard about the overall health of the economy. Since healthy economic growth helps boost corporate profits, over the long run stock market performance tends to mirror economic performance. In the short term, as we have seen, markets can behave unpredictably even during periods of positive economic growth.

Digging deeper into the GDP data, we see that strong consumer spending, exports, and business investment were strong last quarter. However, the economy cooled because of higher imports and lower federal government spending.<sup>6</sup> Bottom line: The economy was fundamentally on very stable footing at the end of the year. Though we don't have first quarter GDP numbers yet, it's clear that the Fed feels comfortable enough about the economy to think about raising rates.

The holiday-shortened week ahead is packed with important economic data and marks the end of the first quarter. Analysts will be looking particularly closely at Friday's March jobs report, which will add fuel to the debate around when the Fed will raise interest rates. A report that shows healthy improvement in the labor market might signal that the economy is robust enough to withstand rate hikes. We expect markets to remain volatile going into earnings season as investors wait to see how U.S. companies did in the first three months of the year.

## ECONOMIC CALENDAR:

**Monday:** Personal Income and Outlays, Pending Home Sales Index, Dallas Fed Mfg. Survey

**Tuesday:** S&P Case-Shiller HPI, Chicago PMI, Consumer Confidence

**Wednesday:** Motor Vehicle Sales, ADP Employment Report, PMI Manufacturing Index, ISM Mfg. Index, Construction Spending, EIA Petroleum Status Report

**Thursday:** International Trade, Jobless Claims, **Janet Yellen Speaks 8:30 AM ET**, Factory Orders

**Friday:** Employment Situation, **U.S. Stock Market Closed**

Data as of 3/27/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-2.23%	0.10%	11.46%	15.33%	7.59%
DOW	-2.29%	-0.62%	8.91%	12.65%	6.96%
NASDAQ	-2.69%	3.28%	17.83%	20.84%	14.57%
U.S. Corporate Bond Index	-0.08%	1.34%	3.35%	2.54%	1.46%
International	-0.93%	5.35%	-1.22%	3.53%	2.18%
Data as 3/27/2015	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.02%	0.12%	0.27%	1.42%	1.95%

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:

**Durable goods orders drop in February.** Orders for big-ticket manufactured goods like cars, electronics, and appliances sank 1.4% last month. The drop indicates that U.S. companies were cautious about weak global demand.<sup>7</sup>

**Consumer sentiment falls in March.** A measure of confidence among U.S. consumers fell, indicating that Americans may be worried about their prospects this quarter.<sup>8</sup>

**Existing home sales rebound less than expected in February.** While sales rose last month, a persistent shortage of available properties restrained selling activity. Though warmer weather should boost sales, higher prices stemming from low housing inventory might curb buyers' appetites.<sup>9</sup>

**New home sales jump in February.** Sales of new single-family homes surged last month to the highest level in seven years. The rush of sales despite the cold winter is a hopeful sign for the housing market.<sup>10</sup>

## QUOTE OF THE WEEK



*“Courage is being scared to death, but saddling up anyway.”*

– John Wayne

## RECIPE OF THE WEEK



### Mango Mint Chicken Salad



*This diabetic-friendly recipe makes a great light lunch.*

Serves 2

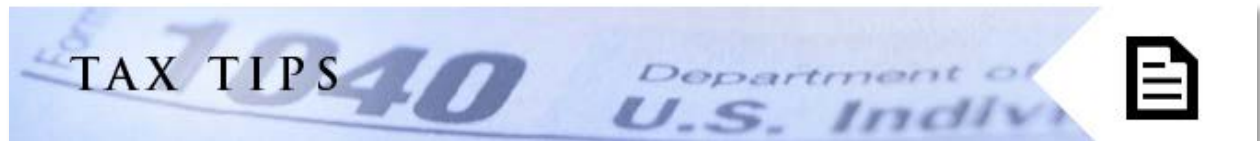
#### **Ingredients:**

- 1 chicken breast (6 ounces)
- 1 bunch watercress or spinach, tough stems removed
- 1 ripe mango, sliced
- 1 green onion, thinly sliced
- 1/4 cup torn fresh mint or cilantro
- 1/4 cup unsalted roasted cashews
- 2 tablespoons rice vinegar
- 2 tablespoons extra virgin olive oil
- Kosher salt and black pepper

## Directions:

1. Heat a grill pan or heavy-bottomed skillet over medium-high heat. Cook for 4-5 minutes per side until well done. Set aside to rest.
2. Toss together the watercress, mango, green onion, herbs, cashews, vinegar, olive oil, and one pinch each of salt and pepper.
3. Slice the chicken breast along the diagonal. Serve the salad topped with the chicken.

Recipe adapted from Charlyne Mattox | RealSimple.com<sup>11</sup>



### **Don't Fall Afoul of Home Office Deduction Rules**

If you run a business out of your home, use part of your house as an office, or store inventory in a designated area, you may be entitled to claim some home-related expenses on your taxes. Here are a few things to note:

You can claim the deduction whether you rent or own your home.

As a general rule, you must use a part of your home “regularly and exclusively” for business. If you have a dual-use space like a guest bedroom, you can only deduct the portion used for business. In order to qualify, the part of your home used for your business should be:

- Your principal place of business, or
- A place where you meet clients or customers, or
- A separate structure like a garage or studio.

Don't be tempted to overstate the expenses related to your home office. The IRS keeps a close eye on this category of deduction and mistakes may trigger an audit.

For more information about expenses related to a home office, read Publication 587, “Business Use of Your Home” or speak with a qualified tax professional.

Tip courtesy of IRS.gov<sup>12</sup>



### **Refine Your Short Game With a Hula Hoop**

Your short game isn't just about technique; it also requires vision, judgment, and a good feel for the green. Hone your short game using a simple drill with a child's hula hoop. Head to the practice green and set up a shot. Take your hula hoop and place it where you think a good landing zone for the ball would be.

Bring along a bucket of balls and practice landing the ball within the hoop and also within a short putt of the hole. Work on dialing in different shots from around the green, using the hoop as a visual guide.

Tip courtesy of Dan Martin, PGA | Golf Tips Mag<sup>13</sup>



### **Hate the Gym? Garden Instead.**

If you don't like exercise or working out at the gym, you can get similar health benefits from working in your garden or doing common household chores. A 2012 study of physically active seniors found that serious gardeners and those who incorporated physical activities like DIY projects cut their risk of heart attacks and strokes by 27%. Researchers also found that those who were physically active every day – even if they didn't follow traditional exercise regimes – lived longer and were in better shape than their sedentary counterparts.

Tip courtesy of AARP<sup>14</sup>



### **Switch Off Your Entertainment System**

So-called vampire energy, the power used by devices in standby or sleep mode, can account for about 10% of your household's energy use. Some of the most egregious offenders are cable, satellite, and video game devices, which guzzle energy all day and night, even when they're not being used. To reduce energy use, plug your whole

entertainment system into a rated power strip and switch the strip off when you're not actively using it.

Tip courtesy of AARP<sup>15</sup>

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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.

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You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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<sup>1</sup> <http://goo.gl/6Cuc7Q>

<sup>2</sup> <http://www.foxbusiness.com/economy-policy/2015/03/27/fed-rate-hike-may-be-warranted-later-this-year-yellen/?intcmp=bigtopmarketfeaturesside>

<sup>3</sup> <http://www.foxbusiness.com/economy-policy/2015/03/27/us-economy-grew-22-in-fourth-quarter/>

<sup>4</sup> <http://www.foxbusiness.com/economy-policy/2015/03/27/us-economy-grew-22-in-fourth-quarter/>

<sup>5</sup> <http://www.businessinsider.com/q4-gdp-third-estimate-march-27-2015-3>

<sup>6</sup> <http://www.businessinsider.com/q4-gdp-third-estimate-march-27-2015-3>

<sup>7</sup> <http://www.foxbusiness.com/economy-policy/2015/03/25/durable-goods-orders-unexpectedly-drop-in-february/>

<sup>8</sup> <http://www.reuters.com/article/2015/03/27/us-usa-economy-consumersentiment-idUSKBN0MN1PT20150327>

<sup>9</sup> <http://www.foxbusiness.com/industries/2015/03/23/existing-home-sales-rise-less-than-expected-in-february/>

<sup>10</sup> <http://www.foxbusiness.com/economy-policy/2015/03/24/new-home-sales-unexpectedly-jump-in-february/>

<sup>11</sup> <http://www.realsimple.com/food-recipes/recipe-collections-favorites/healthy-meals/chicken-watercress-mango-scallion-mint-salad>

<sup>12</sup> <http://www.irs.gov/uac/Top-Six-Tips-about-the-Home-Office-Deduction>

<sup>13</sup> [https://www.youtube.com/watch?list=UUPLAYER\\_GolfTipsMag&v=7\\_QC9xVTg64](https://www.youtube.com/watch?list=UUPLAYER_GolfTipsMag&v=7_QC9xVTg64)

<sup>14</sup> <http://blog.aarp.org/2013/11/01/to-live-longer-try-gardening-housework-hobbies/>

<sup>15</sup> <http://www.aarp.org/home-family/your-home/info-2014/save-money-go-green.html>