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## 5 Things We Learned From The May Jobs Report

Weekly Update – June 8, 2015

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Markets ended lower last week as investors balanced an optimistic jobs report against renewed concerns about a Greek debt default. For the week, the S&P 500 lost 0.69%, the Dow fell 0.90%, and the NASDAQ slid 0.03%.<sup>1</sup>

On Friday, we got a look at how the labor market did in May. After jobs growth stuttered in the first quarter, investors were looking for reassurance that the economy can still support hiring. Here are three good things and two not-so-good things that we learned:

1. The economy created 280,000 new jobs in May, beating expectations and leaving economists feeling optimistic about growth this quarter.<sup>2</sup>
2. The unemployment rate ticked upward to 5.5%, but that's mostly a result of an increase in the number of people looking for jobs. A higher labor force participation rate is a good sign because it means people are feeling confident enough in job opportunities to go looking, so we'll count this one as a positive.<sup>3</sup>
3. Lagging wage growth, which has concerned economists, appears to be reversing with U.S. workers adding \$0.08/hour to their paychecks last month. Wage growth over the last three months is much closer to the 3.0% we've seen in past economic recoveries.<sup>4</sup> Since economic growth depends heavily on consumer spending, we can hope that bigger paychecks will translate into a greater willingness to spend.
4. In the not-so-great category, we learned that the majority of the new jobs created were in low-paying industries like retail, hospitality, temp work, home health services, etc.<sup>5</sup> Though we're seeing an uptick in full-time work, many Americans are still struggling to find good-paying jobs, which may limit their ability to qualify for a mortgage and make big-ticket purchases.
5. Productivity, measured in output per worker hour, registered a dismal 0.3% increase last month. Productivity is a major factor in long-term economic growth, and low labor productivity could be a warning sign. Is it cause for worry?

Probably not. Productivity is often tied to wages – higher wages have been seen to boost worker productivity – so we can hope that wage increases will boost output. There are also some economists who argue that the way productivity is estimated doesn't account for technological improvements and shifts in the ways Americans work today.<sup>6</sup>

Looking ahead, investors will be watching Greek debt negotiations closely to see whether creditors will bow to hardline Greek demands for loans without austerity measures, or whether they will allow debt-laden Greece to slide into default. We'll also get a look at the latest retail sales and business inventories data, which will show us how consumers and businesses are spending this quarter.

## ECONOMIC CALENDAR:

**Tuesday:** JOLTS

**Wednesday:** EIA Petroleum Status Report, Treasury Budget

**Thursday:** Jobless Claims, Retail Sales, Import and Export Prices, Business Inventories

**Friday:** PPI-FD, Consumer Sentiment

Data as of 6/5/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-0.69%	1.65%	7.85%	19.31%	7.50%
DOW	-0.90%	0.15%	6.02%	15.94%	7.06%
NASDAQ	-0.03%	7.02%	17.97%	25.68%	14.47%
U.S. Corporate Bond Index	-1.81%	-2.55%	-1.41%	1.49%	0.85%
International	-1.75%	5.12%	-4.88%	6.75%	2.44%
Data as 6/5/2015					
Treasury Yields (CMT)	0.02%	0.08%	0.29%	1.75%	2.41%

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:

**Greece delays debt payment to International Monetary Fund.** Greece postponed a payment due Friday until the end of June. A government leader declared that Greece might hold snap elections to choose a new government.<sup>7</sup>

**American Pharoah wins Triple Crown at Belmont Stakes.** The horse previously won the Kentucky Derby and Preakness races, bringing home the elusive Triple Crown for the first time since 1978.<sup>8</sup>

**Oil settles up on lower rig count.** Oil prices jumped Friday, sending domestic prices close to \$60/barrel when an industry report showed that the number of U.S. drilling rigs fell for the 26<sup>th</sup> week in a row.<sup>9</sup>

**Mortgage rates remain high.** Interest rates on 30-year fixed mortgages remained at

3.87% for the second week in a row, reaching the highest level since late 2014. High rates may curb housing market activity this season.<sup>10</sup>



*"Life isn't about getting and having, it's about giving and being."*

- Kevin Kruse



### **Lemon Asparagus With Crispy Prosciutto**



*Take advantage of seasonal asparagus with this tasty dish.*

Serves 4

#### **Ingredients:**

- 3 ounces thinly sliced prosciutto or Italian salami
- 2 small bunches (about 2 pounds) fresh asparagus, the bottom 1-inch trimmed away
- 1 tablespoon extra-virgin olive oil
- Kosher salt and black pepper
- Zest from one fresh lemon

#### **Directions:**

1. Pre-heat your oven to 350° F.
2. Place the sliced prosciutto or salami on a baking sheet in a single layer.

3. Bake for 8 to 10 minutes until crispy. Check on it to make sure it doesn't burn. Set the sheet aside to cool.
4. Boil the asparagus in a large pot of water for 3 to 5 minutes until tender. You should be able to pierce them easily with a fork but they should still retain some crunch. Drain the asparagus and toss them with ice water to stop the cooking process. Pat them dry.
5. Slice the stalks in half and dress them with the olive oil, lemon zest, a pinch of salt, and a pinch of pepper.
6. Break up the slices of prosciutto or salami and sprinkle them on top before serving.

Recipe adapted from Sara Quessenberry | RealSimple.com<sup>11</sup>



### **Starting A New Business? Here's What The IRS Wants You To Know**

If you're starting a business, it's important to understand your federal tax obligations so that you don't get an unpleasant surprise later. Here are some basic tips:

- Understand how the structure of your business affects your tax reporting. Make sure that you use the right IRS forms for your business type and understand whether you need to make estimated tax payments.
- Know your business taxes. There are four general types of business taxes: income tax, self-employment tax, employment tax, and excise tax.
- Get an Employer Identification Number if you need one for federal tax purposes. You can get your EIN within minutes if you apply online.
- Speak to a qualified accountant to understand how different accounting methods affect your reporting. You must use a consistent method to report both income and expenses.

For more information on business taxes, contact a qualified tax specialist.

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



### **Control Distances With A Simple Drill**

Knowing how to read terrain and put the ball where you want it is critical to a solid short game. Make your strokes smoother and improve your ability to read the green with a simple drill.

Set up and putt a ball about 20 feet away. Then, try and put several balls right next to it. Your goal with the drill is to refine your ability to read the green and improve the consistency of your putting. Try the same drill from different starting points on the green and watch your accuracy improve.

Tip courtesy of Andy Patnou, PGA | Golf Tips Mag<sup>13</sup>



### **The Benefits Of Owning A Dog**

If you're a pet owner, you probably can rattle off at least 10 ways that your pet improves your health and wellbeing. Researchers have found that dog owners:

- Walk more than their non-dog owner counterparts.
- Have lower blood pressure and cholesterol – and a reduced risk of heart attack.
- May socialize more because of their dog.
- Live more structured lives because of the daily responsibilities of dog care.

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



### **Reuse That Old Shower Curtain**

If your old shower curtain isn't covered in mildew, it can live on as a very useful tarp. Stash one in your car to protect the interior from animals, bicycles, and dirty cargos. Keep one with your home maintenance supplies to protect your floors and furniture during painting or home repairs.

Tip courtesy of Good Housekeeping<sup>15</sup>

### ***Share the Wealth of Knowledge!***

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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.

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<https://www.google.com/finance?q=INDEXDJX%3A.DJI%2CINDEXSP%3A.INX%2CINDEXNASDAQ%3A.IXIC&ei=wKN0VaDLG9TAjAGI44DoCA>

2 <http://www.cnbc.com/id/102736075>

3 <http://www.cnbc.com/id/102736075>

4 <http://fortune.com/2015/06/05/jobs-wage-increase/>

5 <http://www.bls.gov/news.release/pdf/empsit.pdf>

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<sup>6</sup> <http://www.cnn.com/id/102737213>

<sup>7</sup> <http://www.foxbusiness.com/economy-policy/2015/06/05/greece-postpones-payment-to-imf/>

<sup>8</sup> <http://www.foxbusiness.com/industries/2015/06/04/american-pharoah-winnings-2015-belmont-stakes-triple-crown-zayat-bob-baffert/>

<sup>9</sup> <http://www.foxbusiness.com/markets/2015/06/05/active-us-oil-rig-count-down-26-weeks-in-row/>

<sup>10</sup> <http://www.foxbusiness.com/markets/2015/06/04/30-year-mortgage-rate-remains-highest-since-late-2014/>

<sup>11</sup> <http://www.realsimple.com/food-recipes/browse-all-recipes/asparagus-prosciutto-chips>

<sup>12</sup> <http://www.irs.gov/uac/Newsroom/Five-Basic-Tax-Tips-for-New-Businesses>

<sup>13</sup> <http://www.golftipsmag.com/instruction/short-game/quick-tips/smooth-operator.html#.U0qi3eZdVsl>

<sup>14</sup> <http://www.aarp.org/home-family/friends-family/info-2014/dog-owners-health-life-benefits-photo.html>

<sup>15</sup> <http://www.goodhousekeeping.com/home/a18573/ways-to-go-green/>