
The Stakes Have Gotten Higher for Greece

Weekly Update – June 29, 2015

Markets lost ground last week, giving in to nerves about Greece and some early second-quarter earnings reports. For the week, the S&P 500 dropped 0.40%, the Dow fell 0.37%, and the NASDAQ lost 0.71%.¹

Crumbling Greek debt talks were in focus again last week as the deadline toward the June 30 expiration of Athens' bailout program edges closer. Though Greek leaders asked for a one-month extension of the bailout, creditors rejected the request, pushing the stakes much higher for Greeks.

The threat of a liquidity crisis – inevitable if Greece is ejected from the Eurozone – sent Greeks scrambling to withdraw funds from bank accounts. Sources say that over one-third of ATMs in the country ran out of cash.² Though Greek banks are dealing with record withdrawals, the European Central Bank announced Sunday that it will cap emergency support for banks at current levels, leaving their cash reserves seriously depleted.³ If Greek leaders lock down access to accounts, ordinary Greeks could suddenly find the euros in their accounts converted to another currency if Greece exits, seriously complicating their ability to buy goods and services until the financial system recovers.

While a crisis is already underway in Greece, it's very unlikely that serious issues will make their way to U.S. shores. Why? As the chief economist of First Trust puts it, "Greece is Detroit, Not Lehman."⁴ In terms of international impact, a Greek default will look more like Detroit's bankruptcy than the collapse of Lehman Brothers in 2008. Lehman Brothers played a significant role in financial markets and its sudden collapse shocked the world, helping to trigger the financial crisis.

In contrast, Greece's contribution to the world economy is miniscule, and the country's financial problems have been going on for years. While there is no way to know for sure how a Greek exit will affect financial markets, we believe that markets and economies worldwide are already prepared for the eventuality. Though we may see short-term volatility and a possible market retreat, we believe that many fears are overblown.

Looking ahead, Thursday's June jobs report will be the highlight of the Independence Day shortened week. Investors will be weighing the latest job market data to predict how soon the Fed may raise rates. Markets will also be looking toward Greece as the bailout deal nears expiration on Wednesday.

ECONOMIC CALENDAR:

Monday: 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: Employment Situation, Jobless Claims, Factory Orders

Friday: U.S. Markets Closed For Independence Day Holiday

| Data as of 6/26/2015 | 1-Week | Since 1/1/15 | 1-Year | 5-Year | 10-Year |
|---------------------------|--------|--------------|--------|--------|---------|
| Standard & Poor's 500 | -0.40% | 2.07% | 7.37% | 19.03% | 7.64% |
| DOW | -0.37% | 0.70% | 6.53% | 15.39% | 7.43% |
| NASDAQ | -0.71% | 7.27% | 16.02% | 25.70% | 14.74% |
| U.S. Corporate Bond Index | -0.73% | -3.46% | -3.01% | 1.21% | 0.75% |
| International | 0.84% | 6.98% | -3.28% | 6.56% | 2.55% |
| Data as 6/26/2015 | | | | | |
| Treasury Yields (CMT) | 0.00% | 0.08% | 0.29% | 1.75% | 2.49% |

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:

U.S. economy contracted in Q1. The latest government data shows that Real Gross Domestic Product growth, the leading indicator of U.S. economic activity, contracted by 0.2% in the first quarter of 2015.⁵

Consumer spending surges in May. Spending by American consumers recorded its biggest gain in nearly six years. Consumer spending rose 0.9% on strong demand for big-ticket items like automobiles.⁶

China lowers interest rates again. In an effort to boost their sluggish economy, Chinese central bankers lowered interest rates for the fourth time and eased lending rules for small businesses.⁷

Factory growth drops. Growth in manufacturing activity in U.S. factories slipped in June for the third month in a row, dropping to the lowest level since October 2013. The data could suggest that the economy didn't rebound as much as expected in the second quarter.⁸

QUOTE OF THE WEEK



“A pessimist is one who makes difficulties of his opportunities; an optimist is one who makes opportunities of his difficulties.”

– Reginald B. Mansell

RECIPE OF THE WEEK



Fresh Fish Tacos



Serves 4

Ingredients:

- 1 ripe avocado, diced
- 1 Granny Smith apple, peeled and diced
- 1/2 small red onion, diced
- 1 jalapeño pepper, minced (omit for a less spicy dish)
- 2 tablespoons chopped fresh cilantro
- 1 tablespoon plus 2 teaspoons fresh lime juice (about 1/2 lime)
- Kosher salt and black pepper
- 1 tablespoon olive oil
- 3 6-ounce skinless cod, tilapia, or other white fish fillets
- 8 soft corn tortillas
- 1 bunch arugula or baby spinach, rinsed and chopped

Directions:

1. Preheat your oven to 400° F.
2. Combine the diced avocado, onion, apple, jalapeño, cilantro, a pinch of salt, and 1 tablespoon of lime juice. Mix thoroughly and set aside.
3. Heat a heavy-bottomed skillet over medium heat and add the olive oil.
4. Season the fish with a pinch of salt and pepper and cook the fillets in batches to avoid overcrowding them. Cook them until opaque – about 3 to 5 minutes per side.
5. In a medium bowl, combine the rest of the flour and sugar with the baking powder, salt, and lemon zest.
6. While the fish fillets are cooking, wrap the corn tortillas in aluminum foil and heat in the oven for about 5 minutes until softened.
7. Slice the fish fillets horizontally and dress them with 2 teaspoons of lime juice. Divide the fish, guacamole, and greens equally among the tacos. Serve immediately.

Recipe adapted from Kay Chun | RealSimple.com⁹



Summer Job? Don't Forget About Taxes.

If your child or grandchild is getting a job this summer, pass along these helpful tips from the IRS:

- Don't be surprised when your paycheck is smaller than you expect. Employers withhold taxes and pay them directly to the IRS.
- Keep in mind that all tip income is taxable, and you must report tip income over \$20 monthly to your employer.
- Even if you don't earn enough from your summer job to owe income taxes, your employer must withhold Medicare and Social Security taxes from your paychecks.
- Any money you earn from working for others is taxable. If you mow lawns, babysit, or earn money outside of a regular job, you may be considered self-employed by the IRS. Speak to your employer about whether he or she will be reporting your wages to the IRS. If you have questions, ask your parents or grandparents to put you in touch with a tax expert.

For more information about tax rules for students and first-time job holders, visit [IRS.gov](https://www.irs.gov) or consult a qualified tax advisor.

Tip courtesy of [IRS.gov](https://www.irs.gov)¹⁰



Break The Tee

Bunker shots are tough for many golfers who struggle with the idea of getting the ball out of the sand by driving down and through. To improve your ability to get deep enough, try this simple drill:

Set up your shot using a tee set deeply into the sand. Create a mental image of breaking the tee in half with your club to drive home the importance of driving your clubhead under the sand and accelerating through the swing.

Practice this drill until you are consistently clipping the tee under the ball. Then try a couple of shots using just the ball to see how much your technique has improved.

Tip courtesy of Jeff Johnson, PGA | Golf Tips Mag¹¹



Top Superfoods

You probably know that berries and leafy green vegetables are great sources of important vitamins and minerals; however, you might not know about these other amazing superfoods:

- Matcha is a finely ground green powder that's often used in teas and smoothies. It has tons of antioxidants and boosts your metabolism without giving you the jitters.
- Freekeh is toasted young green wheat that's packed with protein, vitamins, and minerals.
- Chia seeds will add a powerful dose of healthy fats, fiber, and protein to a smoothie.
- Fermented foods like kimchi and sauerkraut are rich in digestive enzymes and active probiotic cultures.

Tip courtesy of AARP¹²



Take Off The Roof Racks

Though keeping roof racks, clamshell boxes, or sports gear on the top of your car make it quick to get to the fun, they can slash the fuel efficiency of your car by as much as 5%. To boost your mileage, remove the extras from the top of your car when you're not using them.

Tip courtesy of Prevention¹³

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

We love being introduced!

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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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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 <https://goo.gl/rxfjnj>

² <http://www.cnbc.com/id/102791542>

³ <http://www.theguardian.com/business/live/2015/jun/28/greek-crisis-ecb-emergency-liquidity-referendum-bailout-live>

⁴ <http://www.ftportfolios.com/Commentary/EconomicResearch/2015/6/16/greece-is-detroit,-not-lehman>

⁵ <https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

⁶ <http://www.foxbusiness.com/economy-policy/2015/06/25/consumer-spending-sees-biggest-gain-in-nearly-six-years/>

⁷ <http://www.foxbusiness.com/markets/2015/06/27/china-cuts-interest-rates-for-4th-time-eases-lending-to-small-biz-to-boost/>

⁸ <http://www.cnbc.com/id/102781082>

⁹ <http://www.realsimple.com/food-recipes/browse-all-recipes/fish-tacos>

¹⁰ <http://www.irs.gov/uac/Tax-Tips-for-Students-with-Summer-Jobs>

¹¹ <http://www.golftipsmag.com/instruction/short-game/lessons/short-game-strokesavers.html?start=3>

¹² <http://www.aarp.org/health/healthy-living/info-2015/top-superfoods-photo.html>

¹³ <http://www.prevention.com/health/healthy-living/70-easy-ways-green-your-life/remove-roof-racks>