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A Week of Surprises

WEEKLY UPDATE - NOVEMBER 14, 2016

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Last Tuesday, many Americans watched in great surprise as Donald Trump won our presidential election. Just that day, the New York Times had placed Hillary Clinton's odds of winning at 85%,^[1] based on a range of state and national polls. But, like the Brexit vote this past June, 2016 seems to be the year of unexpected outcomes.

As predicted, the markets initially reacted to uncertainty as they often do: with losses. Futures for the Dow, NASDAQ, and S&P 500 all dropped at least 4% in the middle of the night after Trump's win.^[2] But come Wednesday morning, everyone was in for another surprise.

Despite many predictions that the markets would sell-off if Trump won, all of the major U.S. indexes ended the week ahead. The S&P 500 was up 3.80%, the Dow gained 5.36%, NASDAQ increased 3.78%, and MSCI EAFE added 0.05%.^[3] The Dow even closed at an all-time high on Thursday and posted its best week since 2011, despite being slightly down on Friday.^[4]

Needless to say, these two developments last week gave significant surprises for most people. Let's look a bit deeper at the market's reaction and what may lie ahead.

Understanding the Rally

The markets hate uncertainty, but they love economic growth. After Trump's win, investors saw potential for decreased corporate tax rates, individual income taxes, and government regulation, plus increased infrastructure spending. All of these changes could help drive economic growth.

When you look at which sectors outperformed, you can see who investors believe may benefit from a Trump presidency:

- **Biotech jumped nearly 16%** on expectations that Trump may not fight price increases as Clinton would have.
- **Financials increased 11.33%**, because increasing interest rates, deregulation, and infrastructure projects would serve them well.
- **Industrials were up 7.96%**, which would benefit from infrastructure projects.^[5]

Seeing Beyond Stocks

While the major markets posted impressive gains, gold had its worst week in three years, losing roughly 6.2%.^[6]

But why?

A multitude of reasons come into play, but one stands out most clearly: If Trump is able to hold to his promise of \$1 trillion in infrastructure spending, inflation will likely pick up and the Federal Reserve could significantly increase interest rates during that time. As a result, gold's appeal would lessen as other investments offer a more attractive income yield.^[7]

Analyzing What's Ahead

Right now, the election is fresh on everyone's minds and directly affecting the markets. But like all major events, another one will eventually capture our attention. As we stand now, the fundamentals tell us that the economy is performing well. Unemployment is at only 4.9%,^[8] hourly earnings are rising,^[9] and GDP is growing.^[10] Thus, there is a good chance that the next big event on the financial horizon is a Federal Reserve interest rate increase in December.

If the Fed does choose to increase rates, we may see additional volatility in the short-run-but the underlying data shows us that the economy is fundamentally strong.

Looking to the Long-Term

Seeing last week's market performance might make you want to find even more ways to capture growth. Remember, just as in down cycles, emotion has no place in investing. We are here to help guide you through these tumultuous times and keep a tireless focus on achieving your long-term goals.

The markets and our political environment may be full of surprises, but our goal is to make your financial life as peaceful and comfortable as possible.

ECONOMIC CALENDAR:

Tuesday: Retail Sales

Wednesday: Industrial Production

Thursday: Consumer Price Index, Housing Starts

Friday: Leading Indicators

Data as of 11/11/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	3.80%	5.90%	4.31%	14.25%	5.67%
DOW	5.36%	8.16%	6.47%	11.02%	5.57%
NASDAQ	3.78%	4.59%	3.36%	19.10%	11.92%
U.S. Corporate Bond Index	-1.66%	5.99%	5.90%	4.54%	6.85%
International	0.05%	-3.99%	-5.49%	2.45%	-1.87%
Data as of 11/11/2016	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.30%	0.59%	0.72%	1.56%	2.15%

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance, S&P Dow Jones Indices and Treasury.gov. International performance is represented by the MSCI EAFE Index. Corporate bond performance is represented by the SPUSCIG. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

QUOTE OF THE WEEK



"The two most important days in your life are the day you are born and the day you find out why."

-Mark Twain

RECIPE OF THE WEEK



Vegetable Pesto Soup



This vegetarian soup is hearty and simple to make.

Serves 4

Ingredients:

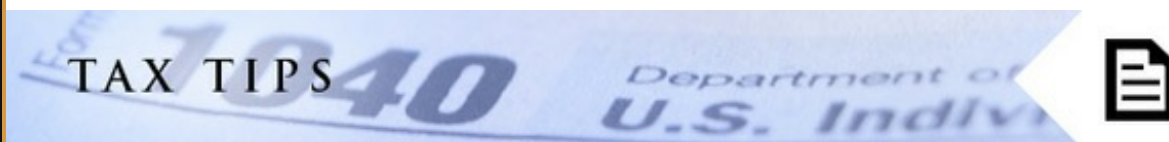
2 tablespoons olive oil
2 stalks celery, chopped
2 carrots, sliced
1 onion, minced
1 garlic clove, minced
Kosher salt and black pepper
2 tablespoons low-sodium tomato paste
6 cups low-sodium vegetable broth
1/2 pound green beans, washed, trimmed, and halved
1/2 bunch organic kale, washed and chopped
1 15.5-ounce can chickpeas or other white bean, rinsed
1 cup frozen peas
1/4 cup fresh pesto

Directions:

1. Heat a large, heavy-bottomed pot on medium heat. Add the olive oil. Sauté the celery, carrots, and onion until soft and translucent. Add the garlic and tomato paste, and stir for about a minute until the mixture is dark and fragrant.
2. Add the broth, green beans, kale, chickpeas, and frozen peas, and simmer for about 15 to 20 minutes until the vegetables are tender.
3. Add salt and pepper to taste.
4. Serve topped with a dollop of pesto.

Recipe adapted from Charlyne Mattox | RealSimple.com^[11]

 Forward to a Friend



Act Now to Avoid Tax-Time Surprises

Avoid large refunds or unexpected tax bills at tax time by bringing your estimated taxes in line with what you will actually owe:

- Check your withholding. If you're an employee, work with your tax professional or use the IRS Withholding Calculator to check that your withholding is correct.
- Report any important life changes. If you've recently gotten married, had a child, gotten divorced, or added other dependents, you may need to adjust your withholding. If you have changed your name, make sure to file the change with the Social Security Administration to avoid errors at tax time.
- Have multiple sources of income? If you work multiple jobs or receive reportable income from other sources, you may need to make estimated tax payments. Consult your tax professional for help.

To learn more about adjusting your tax withholding or paying estimated taxes, ask your tax professional or check Publication 505, Tax Withholding and Estimated Tax.

Tip courtesy of IRS.gov^[12]



Use a Tee to Dial In Low Pitches

Hitting low-rolling pitches can be challenging for beginners (and even some experts). Many golfers use the hinge-and-hold swing and try to hold the hinge in the finish position. However, this can give the ball a lot of backspin, kill your roll, and rob your shot of distance.

Here's a drill you can use to fix the issue: When hitting low rollers, try a different position. Stick a golf tee into the back of your glove, leaving the point sticking out. Address the ball as you normally do. When swinging, allow your hands to release and your arms to rotate through the shot. Through impact and finish, the golf tee should be pointing level or down. This should help you avoid unpredictable backspin and give your shot the roll you're trying to achieve.

Tip courtesy of Zach Allen, PGA | Golf Tips Mag^[13]



Eat Great Greens

Kale is the new black. Or at least it seems that this hot green is everywhere. Kale, turnip greens, chard, and other leafy greens are a wonderful way to introduce plant-based nutrients into your diet.

- Kale is a cancer-fighting powerhouse of Vitamin K, Vitamin C, Vitamin A, and fiber.
- Swiss Chard is loaded with Vitamin K, Vitamin C, magnesium, potassium, and Vitamin E.
- Turnip Greens have a ton of Vitamin C and calcium, as well as cancer-fighting phytonutrients.

These greens are often great sautéed or cooked into a soup. Try and buy organic when you can because many conventionally grown greens test high in pesticides.

Tip courtesy of World's Healthiest Foods^[14]



Should You Have Your Ductwork Cleaned?

Do you remember the last time you had your HVAC ducts cleaned? Multiple times per day, your ducts circulate heated or cooled air throughout your house and

collect dust, gunk, bugs, and other buildup that can cause air quality problems and reduce the efficiency of your system. The first line of defense is to check and replace your air filters regularly. If you note significant buildup on your filters, you may want to consider having your ducts inspected.

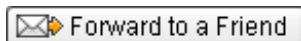
Not everyone needs his or her ducts cleaned, and the EPA doesn't have a recommended schedule of cleaning. However, if you think you need your ducts inspected, contact a reputable professional company in your area, such as the one that installed your system. Ask them to inspect your ducts and provide a written estimate of any work, showing you the contamination that would require a cleaning.

Interview the team to be sure that they don't use harsh solvents or chemical biocides that can harm your air quality. Make sure that they use vacuum equipment that exhausts outside of your house and carefully protects your expensive ductwork.

Tip courtesy of the EPA^[15]

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues. If you would like us to add them to our list, simply click on the "Forward email" link below. 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.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

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 indices from Europe, Australia and Southeast Asia.

The S&P U.S. Investment Grade Corporate Bond Index contains U.S.- and foreign-issued investment-grade corporate bonds denominated in U.S. dollars.

The SPUSCIG launched on April 09, 2013. All information for an index prior to its Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical

and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

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.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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://www.nytimes.com/interactive/2016/upshot/presidential-polls-forecast.html>

[2] <http://www.marketwatch.com/story/dow-futures-plunge-450-points-on-election-turmoil-2016-11-08>

[3] <http://finance.yahoo.com/quote/%5EGSPC/history?period1=1478232000&period2=1478840400&interval=1d&filter=history&frequency=1d>

<http://finance.yahoo.com/quote/%5EDJI/history?period1=1478232000&period2=1478840400&interval=1d&filter=history&frequency=1d>

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<https://www.msci.com/end-of-day-data-search>

[4] <http://www.cnn.com/2016/11/11/us-markets.html>

[5] <http://www.cnn.com/2016/11/11/us-markets.html>

<http://time.com/money/4567957/stock-market-trump-winners-losers/>

[6] <http://www.marketwatch.com/story/gold-prices-head-for-nearly-4-weekly-loss-2016-11-11>

[7] <http://www.theweek.co.uk/gold-price/61682/gold-price-drops-back-after-trump-victory-surge>

[8] <http://www.ftportfolios.com/Commentary/EconomicResearch/2016/11/4/nonfarm-payrolls-increased-161,000-in-october>

[9] <http://www.ftportfolios.com/Commentary/EconomicResearch/2016/11/4/nonfarm-payrolls-increased-161,000-in-october>

[10] <http://www.marketwatch.com/story/gdp-hits-29-in-biggest-gain-since-mid-2014-2016-10-28>

[11] <http://www.realsimple.com/food-recipes/browse-all-recipes/chickpea-vegetable-pesto-soup>

[12] <http://www.irs.gov/uac/Still-Time-to-Act-to-Avoid-Surprises-at-Tax-Time>

[13] http://www.golfipsmag.com/instruction/faults-and-fixes/lessons/mistakes-we-sometimes-make.html#.VE0U_9TF9t-

[14] <http://www.whfoods.com/genpage.php?tname=faq&dbid=8#some>

[15] <https://www.epa.gov/indoor-air-quality-iaq/should-you-have-air-ducts-your-home-cleaned>

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