

# WEEKLY MARKET COMMENTARY

For the Week of February 26, 2018

## THE MARKETS

Wall Street rallied Friday. The three major indexes closed a volatile week on an up note after the U.S. central bank predicted steady economic growth and eased concerns about the number of interest rate hikes for the year. Many investors expect three increases this year rather than four. For the week, the Dow rose 0.36 percent to close at 25,309.99. The S&P climbed 0.58 percent to finish at 2,747.30, and the NASDAQ gained 1.35 percent to end the week at 7,337.39.

Returns Through 2/23/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.36	2.74	24.49	14.61	15.36
NASDAQ Composite (PR)	1.35	6.29	25.74	13.94	18.34
S&P 500 (TR)	0.58	3.05	18.54	11.51	15.00
Barclays US Agg Bond (TR)	0.00	-2.13	0.66	1.24	1.77
MSCI EAFE (TR)	-0.44	0.91	20.15	6.11	7.31

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

**At the Pump** — The average price of gasoline peaked at \$4.11 a gallon on July 17, 2008. The average price of gasoline was last above \$3 a gallon on Oct. 31, 2014. Gas averaged \$2.54 a gallon on Friday, Feb. 16 (source: AAA, BTN Research).

**Big City People** — Fifty percent of the U.S. population lives in just 143 counties; i.e., just 4.6 percent of the 3,142 counties throughout the nation are home to half our citizens (source: Census Bureau, BTN Research).

**Top Ten** — The top 10 percent of U.S. taxpayers (based upon 2015 tax data) reported adjusted gross income (AGI) of at least \$138,031, received 47 percent of all AGI and paid 71 percent of all federal income taxes for the year (source: IRS, BTN Research).

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## WEEKLY FOCUS – Mistakes Millionaires Should Avoid

A nine-year bull market has produced a large number of 401(k) millionaires. Recently, financial services company Credit Suisse reported 1.1 million Americans crossed that line in 2017 alone. According to a Time article, this increase brought the total number of U.S. millionaires to 15,356,000, or approximately one in every 20 Americans. This means the U.S. has more millionaires than any other country (by far) – even though we rank 21st for median wealth, along with Austria and Greece.

As a wise man once said, “Making money is easy; keeping it is hard.” So these new millionaires must avoid common pitfalls to preserve their wealth. The biggest mistake they can make is emulating wealthy individuals who joke about spending their kids’ inheritance on second homes, luxury cruises and expensive automobiles.

Some wealthy people can afford to splurge in these ways without endangering their security. But individuals who attain \$1 million need to remember that figure doesn’t go as far as it once did, and today’s life expectancies are longer. According to Market Watch, \$1 million is likely to last the average retiree 25½ years in the most favorable state based on cost of living: Mississippi. For a retiree living in Hawaii, it could be depleted in a little over 13 years.\*

Other emotional decisions can also crack a nest egg. It’s generally unwise to buy stocks based on gut feelings or sell due to negative predictions. Preretirees or early retirees with million-dollar portfolios who overly fear risk may lose ground if their conservative investments don’t keep pace with inflation. On the flip side, the euphoria of hitting the million-dollar mark can produce impulses to help the less fortunate, lend money to relatives or treat friends frequently. It’s nice to be generous, but it’s wise to prioritize and plan gifts.

Investing without defining long-term goals and creating a strategy to achieve them is another big mistake. A skilled financial advisor can help a new millionaire create a plan with a diversified portfolio, which isn’t a guarantee against loss but is a vital tool for managing risk. Not reviewing investments can prove to be yet another costly error. An advisor can respond to changes in the market or personal circumstances and suggest ways to rebalance assets.

Whether you hope to acquire a million-dollar portfolio, you already have or you’ve been blessed beyond that, our office is ready to design measures to help you preserve and grow your assets. Let us know how we can help.\* If you’d like to see where your state ranks, visit: <https://www.marketwatch.com/story/got-1-million-to-retire-heres-how-long-it-will-last-by-us-state-2017-10-13>

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1753 Dollar Street, West Linn, Oregon 97068.

\* 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 index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright February 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SA# 2039434.1