



July 2019

Market Update

(all values as of
06.28.2019)

Stock Indices:

Dow Jones	26,599
S&P 500	2,941
Nasdaq	8,006

Bond Sector Yields:

2 Yr Treasury	1.75%
10 Yr Treasury	2.00%
10 Yr Municipal	1.62%
High Yield	5.92%

YTD Market Returns:

Dow Jones	14.03%
S&P 500	17.35%
Nasdaq	20.66%
MSCI-EAFE	11.77%
MSCI-Europe	13.20%
MSCI-Pacific	9.46%
MSCI-Emg Mkt	9.22%
US Agg Bond	6.06%
US Corp Bond	9.69%
US Gov't Bond	6.82%

Commodity Prices:

Gold	1,412
Silver	15.36
Oil (WTI)	58.20

Currencies:

Dollar / Euro	1.13
Dollar / Pound	1.26
Yen / Dollar	107.86
Dollar / Canadian	0.76

Macro Overview

Stocks and bonds rose in June as lower rates drove equities higher and international diplomatic tensions elevated bond prices. Indications by the Fed that there may be a rate cut later in the year helped sustain stock prices near record levels.

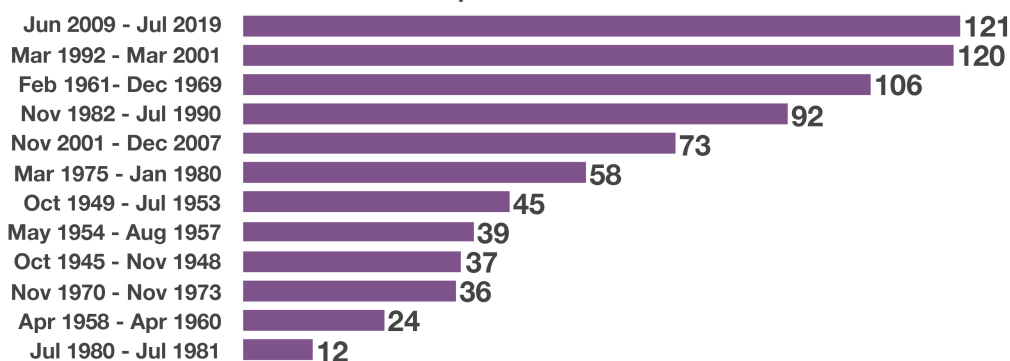
The G20 met in Osaka, Japan, at the end of June where trade tensions between the U.S. and China were on the forefront of global concerns. The U.S. and China reached a temporary truce over the trade war as the leaders from both countries agreed to re-start negotiations that had fallen apart earlier on. The de-escalation of trade tensions between the two countries led to heightened optimism surrounding global economic growth. Central banks from around the world will weigh as to how much a trade truce or settlement might impact other economies globally.

The 10-year Treasury bond yield fell to 2.00% at the end of June, with several bond analysts expecting it to fall below the psychological 2.00% level. Yields dropped lower in Europe with Austria issuing 100-year government bonds with a yield of 1.17%. Highly rated, positive yielding government bonds are in enormous demand globally as investors seek income from viable and reliable sources.

Mortgage rates dropped again in June to 3.73% on a 30-year fixed conforming loan, helping to sustain the housing market. The low rate environment has also fostered an inexpensive source of capital for U.S. and international companies, allowing for expansion and hiring as demand reappears.

Commodity prices including oil, gold, and iron ore all elevated in the first half of 2019, with most of the gains occurring in June. Rather than a traditional sign of inflation, falling inventories of oil and iron ore have pushed prices higher as demand has remained constant.

U.S. Economic Expansions Since 1945 / Months Lasted



The U.S. Bureau of Economic Analysis found that the current economic expansion is the longest on record since 1945. The economic expansion that began in June 2009, following the depths of the financial crisis, has now lasted 121 months as of the end of June. The second longest economic expansion lasted 120 months, running from March 1992 until March 2001 when the dot-com bubble burst. There have been 12 economic expansion periods since the end of World War II in 1945 lasting 12 months or longer. (Sources: BEA, Freddie Mac, U.S.Treasury, g20.org, Bloomberg, Federal Reserve)



Stocks Rebound In June – Equity Overview

Stocks and bonds registered the first half of the year with formidable gains propelled by an expected rate cut by the Fed later in the year. It was the best first half of the year since 1997 for equities, with the Dow Jones Industrial Index, S&P 500 Index, and the Nasdaq nearing new highs.

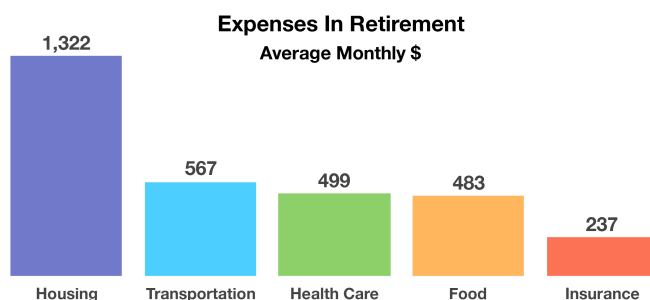
Equities were also driven higher in June by a relief in trade tensions between the U.S. and China as the expectation that the Fed will eventually cut rates sometime this year. Historically, a low-rate environment is favorable for equities in the form of inexpensive capital for expansion and loans.

The rebound in stock prices in the first half of 2019 from the turmoil that hindered markets in December 2018 has been one of the strongest rebounds in decades.

The Federal Reserve gave large U.S. banks the approval to repurchase their own shares and lift dividends, part of the Comprehensive Capital Analysis and Review process set in place by the Fed. Large money center banks as well as smaller regional banks were restricted from buying back their own shares as well as increasing dividends in order to fortify bank balance sheets following the financial crisis. (Sources: Federal Reserve, Dow Jones, S&P, Bloomberg, Reuters)

What Expenses Seniors Have After Retirement – Consumer Demographics

Demographics play a significant role in how much we spend and how we spend it. Spending is primarily dictated by age where different needs and life essentials change and evolve as consumers grow older. The challenge for many retirees now is the fact that we are all living longer, with U.S. life expectancy of 78.7 years as of 2018. As more Americans reach their 80s and 90s, medical and assisted living expenses become a much larger component. Housing, transportation and food are the three largest expenses incurred by all age groups. As consumers move from their late 20s into their 30s, we earn more money and families start to grow. Expenditures on transportation, health care and entertainment become prevalent as households grow with children. Education is also another significant expense for many younger families, where the average cost of higher education tuitions has steadily increased over the years.



As we earn more, we also tend to save more in our 30s, 40s, and 50s by contributing to 401k plans and retirement savings. At 70.5 years of age, Required Minimum Distributions (RMDs) kick in, imposing a tax on retirement savings, which reduces as withdrawals increase when we age each year. The biggest challenge most retirees have is trying to replace lost employment income with

retirement savings and Social Security. A widely accepted rule of thumb is that one will need to replace anywhere from 70% to 90% of the income when still employed, in order to maintain the same standard of living.

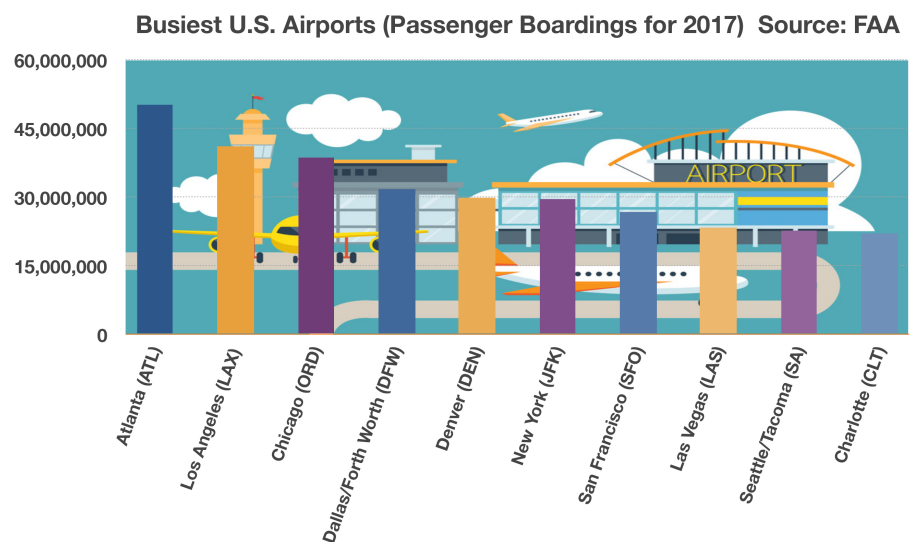
The Bureau of Labor Statistics has identified the largest expenses that seniors have once in retirement. Expenses such as housing, food, and transportation are based on what a retiree spends on average in various essential categories nationwide. Housing, transportation and health care are the three largest expenses for retirees as well as all other age groups. (Sources: Social Security Admin., U.S. Census)



The Country's Busiest Airports – Travel & Leisure

The summer months tend to see the heaviest travel of airline passengers across the country, with summer traditionally the most profitable season for airlines when flights are full due to increased demand. It is expected that a record 257 million Americans will travel by plane this summer.

As both business and leisure travel have been increasing domestically and internationally, U.S. airports have seen an increase in passenger traffic. Some U.S. airports serve as international hubs with flights originating in foreign countries worldwide and landing there directly from a foreign destination. With some of the most popular travel destinations in the world, American airports cater to tourists traveling both domestically and internationally. Not only is the Atlanta International Airport the busiest airport in the country, it is also the busiest passenger airport in the world, with Beijing a close second. Atlanta is also geographically attractive, located only a two-hour flight away from 80 percent of the U.S. population.



Various factors affect the accessibility of airports and how much traffic they generate. Denver International Airport is located in an extremely rural area of Denver, allowing vast amounts of rail and road traffic access to the airport. Chicago's O'Hare and New York's JFK are both situated directly within the city, yet accessible by millions of visitors. Geographic characteristics and access to airports allow some airports to handle more air traffic.

An increase in passenger volume has inundated airports nationwide with expansion projects from New York's Kennedy to LAX in Los Angeles. A shortage of air traffic controllers and aircraft maintenance staff have been the primary obstacles for airlines and airports this year. (Sources: Dept. of Transportation, FAA)

Yields Drop Further In June – Fixed Income Update

The 10-year Treasury bond yield dropped below 2% for the first time since November 2016. The 10-year Treasury continues to trade at a lower yield than the 3-month Treasury bill, signaling an inversion, which is when shorter term maturity bonds yield more than longer term bonds. The Federal Reserve communicated its confidence with the labor market and rising wages for lower paid workers as positive for the U.S. economy, but noted that inflation is still mundane and below expectations. Its concern is slowing global growth with anemic economic expansion in other parts of the world. Such concerns may lead to dismal expansion with the need to eventually reduce rates to help prop up economic growth. (Sources: U.S. Treasury, Federal Reserve)



WINDSOR CAPITAL MANAGEMENT, LLC

IN 2016 7,400 ADULTS AGED 65+ WERE KILLED FROM AUTOMOBILE ACCIDENTS

IRS Scams – Consumer Awareness

Identity theft and stolen funds are becoming a growing risk as thieves have devised clever methods of masking IRS communications. Various government entities have identified some of the most prevalent scams.

Refund Scam: Fraudulent emails, appearing to come from the IRS, notify you that you are eligible for a tax refund, but need to provide sensitive bank details in order to receive the funds.

Fund Scam: Inherited Funds, Lottery Winnings, & Cash Consignment Scams.

Email Scam: Emails claiming to come from the U.S. Department of Treasury, notify you that you will receive millions of dollars if you follow the instructions in the email.

SS Scam: An identity thief could use your social security number to fraudulently file a tax return and claim a refund. You could be completely unaware that your identity has been stolen until your return is rejected for e-filing or you get a notice or letter from the IRS.

Rejected e-File: An electronically filed return is rejected because the social security number belonging to you, your spouse, or a dependent has already been used on a tax return.

Suspicious IRS Items: You receive a fraudulent notice from the IRS stating that more than one return was filed in your name for the year.

You have a balance due, refund offset, or initiation of collection action for a year when you did not file.

IRS records indicate that you received wages from an employer you didn't work for.

You should respond immediately to the name and phone number printed on the IRS notice or letter. You should also complete Form 14039, Identity Theft Affidavit. (Source: [IRS.gov](https://www.irs.gov), [consumer.ftc.gov](https://www.consumer.ftc.gov), [treasury.gov](https://www.treasury.gov))

When It's Time To Stop Driving – Retirement Facts

As senior drivers end up driving well into their 70s, 80s, and even 90s, the need for safety awareness and heighten caution is critical. The Centers for Disease Control and Prevention found that all adults age differently, with some losing essential motor skills sooner than others. Losing one's privilege to drive can affect an adult's sense of dignity, including a loss of confidence, independence, self-respect, and control. While some seniors merely fail a driving test or medical exam that leads to the loss of their license, other seniors are asked or restricted from driving by family members. The most common physical ailments that affect senior drivers include, slowing reflexes, deteriorating motor skills, alertness and failing vision. Cognitive functioning, ability to reason and remember, as well as physical changes, might affect some older



adults' driving abilities. Medically, it is important to review any medications, both prescription and over-the counter, that are being taken and what their side effects might be. Good practices of senior drivers that have had no accidents include: seat belt use; driving in good weather; driving during the day and avoid high speed routes. (Sources: The Centers for Disease Control and Prevention, DOT)