



PINNACOR FINANCIAL GROUP, INC.®

Solutions Centered Wealth Management

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THE MARKETS

Global equities were lower for the week amid continued concerns over slowing global economic growth and the chaotic Brexit process playing out between the United Kingdom and the European Union. The yield on the U.S. 10-year Treasury note declined 12 basis points from a week ago to 3.07%, while volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), edged up to 20.8 from 18 last Friday. The price of a barrel of West Texas Intermediate crude oil continued to decline ending at \$56.83 from down from \$59.87 last week.

Returns through 11/16/18	1 Week	YTD	1-Year	3-Year	5-Year
Dow Jones Industrials	- 3.36	4.36	11.19	16.45	12.33
NASDAQ Composite	- 2.14	5.00	6.70	13.29	12.70
Russell 2000	- 3.39	0.32	5.44	11.48	7.88
S & P 500	- 2.65	3.87	8.55	12.81	10.97
MSCI EAFE NR USD	- 2.60	- 9.56	- 5.89	4.66	1.97

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 S&P, excluding "1 Week" return is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

No bank failures last week – According to information available on the FDIC website, no banks failed last week. The FDIC website lists no bank failures thus far in 2018. There were 8 bank failures in 2018, 5 in 2016, 5 in 2015, 18 in 2014, 24 in 2013, 53 in 2012, 90 in 2011, 157 in 2010, 140 in 2009, 26 in 2008, 3 in 2007, zero in 2006 and 2005.

Fed's Powell happy with state of U.S. economy – Federal Reserve chairman Jerome Powell partially credited Fed policy for the solid U.S. economy, citing low unemployment, strong growth and stable inflation, in an appearance at the Federal Reserve Bank of Dallas. The Fed chair says he has good reason to think that the economy will remain strong, though he did note potential headwinds from abroad. Separately, the Fed announced that it will review the strategies tools and communications practices it uses to pursue monetary policy and will discuss the review during the second half of 2018.

S & P 500 earnings news – With more than 90% of the constituents of the S&P 500 Index having reported earnings for the third quarter, it is shaping up to be another stellar quarter, very much in line with the outstanding performance during first two quarters of 2018. Blended earnings per share have shown a 25.7% year-over-year rise, while sales have expanded by 9.4% compared with the same quarter a year ago, down slightly from the 10% topline growth rate posted during the first two quarters of the year. However, increasing headwinds from slowing global economic growth are raising concerns that Q3 could be the peak quarter for earnings this cycle.

Oil slumps amid supply glut – In a sign of how fickle commodity markets can be, the price of a barrel of West Texas Intermediate (WTI) crude oil fell to its lowest level in nearly a year a month after reaching a one-year high. WTI spiked above \$76 in early October, pressured by supply fears ahead of the looming re-imposition of U.S. trade sanctions on Iran. However, an increase in U.S. shale oil inventories overwhelmed the curbs on Iranian crude, sending prices tumbling nearly \$20 over the last 6 weeks. Oil futures declined for a record 12 consecutive days before ending that streak last Wednesday amid reports of deeper-than-expected OPEC production cuts.

UK-EU clinch Brexit deal, but UK Parliament approval in doubt – Months of negotiations between the UK and the EU came to an end last week with both sides agreeing on a draft withdrawal treaty. The agreement was endorsed by prime minister Theresa May's cabinet last Wednesday evening but hopes for the treaty's eventual passage dimmed greatly after Dominic Raab, the man who negotiated the Brexit agreement, resigned as Brexit Secretary Thursday. Raab said that the proposed regulatory regime for Northern Ireland presents a "very real threat to the integrity of the United Kingdom" and that he cannot support an indefinite backstop arrangement where the EU holds veto power over the UK's ability to exit the customs union. Three other cabinet ministers also resigned and additional letters of no confidence from members of May's Conservative Party were submitted, raising the threat that May could face an imminent leadership challenge. Against this chaotic backdrop, it is difficult seeing the treaty, which many Brexit proponents perceive as a cave to EU demands, passing parliament in its current form. An EU summit to ratify the deal has been scheduled for November 25. The UK Parliament is expected to vote in mid-December.

China considering trade concessions ahead of Trump-Xi meeting – Chinese officials have been sending conciliatory signals on trade to U.S. negotiators in advance of a planned meeting between U.S. president Donald Trump and China's Xi Jinping late this month on the sidelines of the G20 conference in Buenos Aires. China is believed to be considering making concessions to the U.S. on intellectual property protections, opening markets in some key sectors and increasing purchases of some U.S. goods, such as soybeans. Few see a comprehensive trade agreement being stuck when the leaders meet, but there is hope that a short-term ceasefire can be achieved while negotiations over thorny issues, such as China's subsidies to favored industries, are hashed out.

Japan and Germany hit with growth setbacks – Economic growth declined in Japan and Germany during the third quarter. In Japan, a series of natural disasters struck during the period as third quarter economic growth declined at a 1.2% annual rate. The decline is expected to be temporary, with a Q4 bounce back expected. Germany posted a 0.2% quarter-over-quarter decline, owing in part to bottlenecks caused by new auto emissions standards. A bounce back is expected in Germany, though the European economy has been losing momentum for much of 2018 as the pace of global trade has slowed this year. While U.S. growth has been quite robust so far this year, concerns are mounting as to whether it can withstand a deeper global soft patch.



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Italy sticks to its guns on budget – The Italian government refused to meet demands from the EU to reduce its 2019 budget deficit or risk being fined under the EU's excessive deficit procedure. However, the government said safeguards would be taken to insure the deficit does not exceed 2.4% of GDP if economic growth does not meet its optimistic projections. Italy is trying to revive economic growth, blaming years of EU-imposed austerity for the country's economic woes.

The week ahead

- U.S. housing starts and building permits reported Tuesday, November 20.
- U.S. durable goods orders, existing home sales released Wednesday, November 21.
- Thanksgiving Holiday observed, U.S. markets closed Thursday, November 22.
- U.S. and Eurozone flash purchasing managers' indices released Friday, November 23.

WEEKLY FOCUS

The next tax filing deadline is April 15, 2019, and even though the tax filing deadline is still a few months away, it's never too early to start getting everything you need to file in order. By the time it's time to file your taxes, you'll be ready to sit down with your tax preparer.

Here's how you can prepare for tax season.

Gather your personal information and last year's tax information

Make sure you have your social security or tax ID card. You will also want to bring your unexpired driver's license, identification card, and passport to your appointment. This should also include your spouse's info, if applicable.

You'll also want to gather copies of last year's return for you and your spouse, if applicable.

Start gathering the paperwork for your dependents

If you're going to include dependents (children or elderly) on your tax return, these are the documents you will need to provide:

- Their social security and tax ID numbers
- Their dates of birth
- Childcare payment records (this includes the care provider's tax ID number)
- Adoption papers (if applicable)
- Form 8332 to show that a custodial parent is releasing their right to claim the child to you, the noncustodial parent (if applicable)
- Any alimony payments that have an ex-spouse's social security number
- Any death certificates

Start tracking your income

You may have various sources of income so here's what you'll need:

- Form W-2 for wages/salary, federal and state tax withholding, tips and earned income credit (Your employer should send this to you by January 31, 2019)
- Form 1099-G if you are unemployed and receiving unemployment benefits
- Form 1099-Misc for compensation from freelance work (You should receive a form from all of your clients)
- Form 1099-R for annuity income, IRA and pension
- Form 1099-Div for those who have earned dividends
- Form 1099-B, 1099-S for income from sales of property and stock
- Form W-2G for any income from gambling
- Any other income from prizes and awards (like lottery winnings), jury duty pay, alimony, or rentals

Make note of any potential deductions

A tax deduction is basically a reduction in income which is subject to state and federal income taxes. In decreasing your total taxable income, this can reduce the amount of income tax you would have otherwise owed.

If you're going to itemize your deductions, you will need to provide records for each.

Here are several potential deductions to look for.

- Records of all expenses if self-employed, including credit card statements and receipts
- Records of expenses for rental homes
- Records of expenses related to investments
- Real estate and property tax records
- Charitable donations, including non-cash and mileage driven for charitable purposes
- Records of medical expenses, including payments made to doctors, dentists, clinics, or hospitals
- Insurance payments
- Childcare expenses, including daycare and babysitters
- Any scholarships or fellowships received
- Qualifying educational expenses
- Interest on student loans
- Job-related vehicle expenses
- Classroom expenses for K-12 educators
- Relocation expenses not covered by employer
- State and local taxes paid excluding withholding
- An invoice showing any sales tax paid on a vehicle
- Any contributions made towards retirement
- Expenses related to natural disaster losses, rebuilding, and repairs

File a federal or state return

You need to determine whether you need to file a federal and/or state return. This is dependent on your age, your income earned minus any deductions (adjusted gross income), and your filing status.

If applicable, have your bank account number and routing number handy for a direct deposit of your refund into your account. This information can be found in your checkbook.

Take advantage of helpful resources

The Internal Revenue Service (IRS) has a great tool called the Interactive Tax Assistant that can answer some of your questions before filing.

The Wall Street Journal, The Associated Press Newswire, The Wall Street Journal Online, Bloomberg News, Financial Times. This material does not constitute tax, legal or accounting advice and neither Pinnacor Financial Group, Inc. nor Cambridge offers such specific tax or legal advice. 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. Diversification does not guarantee against market declines or portfolio losses. You cannot invest directly in an index.