

WEEKLY MARKET COMMENTARY

For the Week of January 21, 2020

THE MARKETS

All three major indexes hit record highs Friday amid positive economic news on several fronts. In the middle of the week, the U.S. and China signed a limited trade deal. End-of-year reports showed U.S. housing starts grew by nearly 17 percent in December (a 13-year high), weekly jobless claims were better than forecast and China's economic growth matched expectations. For the week, the Dow rose 1.84 percent to close at 29,348.10. The S&P gained 1.99 percent to finish at 3,329.62, and the NASDAQ climbed 2.29 percent to end at 9,388.94.

Returns Through 1/17/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.84	2.92	23.38	16.71	13.62
NASDAQ Composite (PR)	2.29	4.64	32.53	19.25	15.17
S&P 500 (TR)	1.99	3.14	28.86	15.95	12.81
Barclays US Agg Bond (TR)	0.06	0.50	9.19	3.97	2.87
MSCI EAFE (TR)	0.85	1.04	18.87	9.13	6.29

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.

Each and Every Day — The U.S. Treasury bond market was open for 250 trading days in 2019. During those days, the government sold \$2.55 trillion of notes and bonds, a total of \$10.2 billion per trading day (source: Treasury Department, BTN Research).

Living Long — Life expectancy in the United States has increased 7.8 years over the last half century or 1.5 years every decade. Today, the life expectancy at birth of an American baby is 78.6 years (source: Center for Disease Control, BTN Research).

Closed for Good — More than 9,300 American retail stores closed in 2019, exceeding the all-time record of 8,139 store closures from 2017 (source: Coresight Research, BTN Research).

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WEEKLY FOCUS – Strategies to Help Ease Capital Gains Taxes

If you plan to sell stocks, bonds, vehicles, jewelry or real estate in 2020, some simple strategies may help minimize the capital gains taxes you'll be liable for at tax time next year.

It may pay to wait. Depending on how long you've held your assets, it may pay to hold them a bit longer. Short-term capital gains realized on assets held a year or less are taxed at the same rate as regular income. Long-term capital gains on assets held more than a year are taxed at zero, 15 or 20 percent.

Because short-term gains are taxed at the same rate as your income, this may be a good time to sell them if you anticipate a decline in income this year. Also, be sure to maximize your deductions and credits before you file and contribute the maximum amount to your IRA and 401(k) to lower your reported income.

Coincide losses with gains. Capital losses offset capital gains accrued in the same year. By selling a portion of a stock that has gained and then reporting a loss on another stock, you can reduce or even eliminate taxes on that gain. You are required to report all your capital gains for the year, but capital losses are limited to \$3,000 annually. Losses exceeding \$3,000 can be carried forward over multiple tax years.

Home sale exclusions. Selling a house? You may not have to pay taxes on the capital gains related to the sale. If you are unmarried, own your house and have used it as your primary residence for two of the five years preceding the sale date, you can exclude up to \$250,000 in capital gains. If you're married and filing a joint return, you can exclude up to \$500,000.

Should you need to rent your house out before it sells, you may be able to claim a loss due to depreciation to reduce your income at tax time. But because the house is no longer your primary residence, you may not receive the full capital gains exclusion when you sell the property. Also, you will need to recapture the depreciation into your income, so it can be taxed.

We're happy to work with your tax professional to develop a capital gains strategy that meets your needs. Give us a call today. *Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

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* 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 January 2020. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2914592.1