

RESOURCE LOG – November, 2017

Article Title	Detail	Publication	Date	Author
What's News	<p>◆ The Dow climbed 4.3% in October, outperforming both the S&P 500 and the Nasdaq, as a global economic pickup lifted blue-chip from firms.</p>	The Wall Street Journal	11/01/2017	
Dow Surpasses S&P, Nasdaq	<p>The S&P 500's expected earnings-growth rate is 4.7%, according to FactSet.</p> <p>Because the Dow industrials are price-weighted and count just 30 components – compared with the S&P 500, which has 500 companies that are weighted by market capitalization – individual stocks can exert outsized influence on the Dow industrials' overall performance. For instance, Boeing Co., which is the priciest stock in the blue-chip index at \$258 a share, accounts for most of the index's gain this year. The S&P 500 is dominated by tech companies such as Apple, which has a market value of more than \$800 billion.</p>	The Wall Street Journal	11/01/2017	Akane Oliani
What's News	<p>◆ The Fed left rates unchanged, but suggested it remained on course to lift them before year's end.</p>	The Wall Street Journal	11/02/2017	
Venezuela in Crisis	<p>Investors have been bracing for a default as billions in debt comes due</p> <p>Venezuela has the world's highest inflation, estimated by the International Monetary Fund to reach 653% this year.</p> <p>... markets are concerned that a status quo that has rewarded risk-seeking investors can't hold for long.</p> <p>The government and state-owned oil company Petroleos de Venezuela SA, or PdVSA, together owe billions of dollars in principal and interest payments in the coming months, including \$12 billion due Thursday.</p> <p>Venezuela's cash-strapped government has slashed imports in recent years.</p> <p>However, its foreign reserves have been dwindling.</p> <p>That means Venezuela is dependent on oil exports to make up the difference. But prices for oil have tumbled, and production has fallen.</p>	The Wall Street Journal	11/02/2017	
What's News	<p>◆ The Bank of England raised its benchmark interest rate to 0.5% from 0.25%, the first increase in a decade.</p>	The Wall Street Journal	11/03/2017	
Jobs Rebound, Wages Stand Still <i>Economy bounces back from hurricanes; businesses can't find enough people to hire</i>	<p>The U.S. economy rebounded from recent hurricanes, sending the jobless rate down to a 17-year low in October and driving up the pace of hiring.</p> <p>While that is good news, it could pose a challenge for policy makers: the risk of the economy or financial markets overheating as labor becomes more scarce, stocks march to routine record highs and stimulative tax cuts potentially kick in during the coming months.</p> <p>The Federal Reserve is widely expected to raise short-term interest rates at its final meeting of the year in December. Jerome Powell, central bank chairman, might need</p>	The Wall Street Journal	11/04-05/2017	Harriet Torry and David Harrison

	to consider picking up the pace of rate increases next year to tamp down the risk of financial excesses or the threat of future inflation. ... the unemployment rate fell 0.1 percentage point to 4.1% in October, its lowest level since December 2000...			
Bull Market Tests Nerves On Wall St.	Rarely has a bull market been so unloved. Since March 2009, the Standard & Poor's 500 stock index has nearly quadrupled in value. This year, not only is the index up 15 percent, but it also seems to have stopped going down at all: October was the 12 th straight month that the S&P has logged a positive return, the first time that has happened since 1935. Yet in most conversations about the ever-rising stock market, brokers and investment advisers say, are dominated by the question of when it will all come to an end.	The New York Times	11/06/2017	Landon Thomas, Jr.
What's News	◆ Oil prices surged to more than two-year highs on rising tensions in the Mideast. U.S. crude rose 3.1% to \$57.35 a barrel.	The Wall Street Journal	11/07/2017	
Bonds Extend Gains as Investors Rethink Risks	U.S. government bonds strengthened Monday, picking up where they left off last week as investors reassess risks that led them to sell bonds for much of the previous two months. The yield on the benchmark 10-year Treasury note settled at 2.318%, compared with 2.343% Friday. Analysts have pointed to several reasons behind the move, including President Donald Trump's nomination of Federal Reserve Board governor Jerome Powell as the next Fed chairman. Among the potential candidates, Mr. Powell was seen as the least likely to shift to a more aggressive pace of interest-rate increases.	The Wall Street Journal	11/07/2017	Sam Goldfarb
U.S. Stock Indexes Post Records	Rallying energy shares pushed U.S. stock indexes to another set of records. The Dow industrials rose 9.23 points, or less than 0.1%, to 13548.42. The S&P 500 added 3.29 points, or 0.1%, to 2591.13 and the Nasdaq Composite gained 22 points, or 0.3%, to 6786.44.	The Wall Street Journal	11/07/2017	Akane Otani and Mike Bird
Crude Prices Climb As Tensions Build In Middle East	Oil prices surged to more than two-year highs after a wave of arrests in Saudi Arabia and a missile attack on Riyadh signaled escalating tensions in the Middle East. Crude for December delivery gained 3.1%, to \$57.35 a barrel... ... the highest since June 2015. ... investors have become more attuned to whether conflicts in the Middle East could disrupt oil flows as supplies have tightened around the world. "It is an extremely long list reminding the market how fragile the oil market is", said Gary Ross, head of global oil analytics at S&P Global Platts.	The Wall Street Journal	11/07/2017	Allison Sider
It's Time to Change Game Plan for Stocks	The fundamentals offer little cause for concern, with models suggesting recession and runaway inflation are both unlikely...	The Wall Street Journal	11/07/2017	James Mackintosh

		So what could possibly go wrong? If the economy is unlikely to threaten stocks, the biggest danger comes from the market itself. History shows that a loss approaching 20%, the standard definition of a bear market, has been almost as likely when the economy is expanding as it has been during recessions.		
Chief Leaving New York Fed With Warning	William C. Dudley, who has been president of the Federal Reserve Bank of New York since the financial crisis and became a forceful advocate for cultural change at large financial institutions, announced Monday that he will retire next year. Mr. Dudley delivered a stark public warning against rolling back laws aimed at keeping large banks and Wall Street firms in check – the latest Fed official to voice concerns about a trend toward deregulation under the Trump administration. Mr. Dudley cautioned against making broad changes to the Dodd-Frank Act, the web of rules and regulations put in place in the wake of the 2008 financial crisis to prevent a repeat meltdown. Mr. Trump and his top economic advisers have made no secret that they believe many post-crisis financial regulations overreached and are now restricting banks from making loans and trading securities.	The New York Times	11/07/2017	Landon Thomas, Jr. and Tiffany Hsu
What's News	◆ The S&P 500 snapped a five-session win streak. The Dow edged up 8.81 points to 23557.23.	The Wall Street Journal	11/08/2017	
What's News	◆ Japanese shares hit a 25-year high, driven in part by foreign money.	The Wall Street Journal	11/08/2017	
What's News	◆ The Dow edged up 17.49 points to 23439.70 following a flurry of corporate news.	The Wall Street Journal	11/14/2017	
Debt Crisis In Venezuela" What's Next	Venezuela has been falling behind on debt payments in its prolonger economic crisis. Some payments have come late. Others haven't arrived at all. The South American country has said it wants to restructure its remaining debt, which analysts put as high as \$150 billion. But observers say Venezuela's debt crisis could be one of the most complicated in history.	The Wall Street Journal	11/15/2017	Julie Wernau
Junk-Bond Selloff Hits Telecoms <i>Rout is confined to sector for now, but it could spread if fund outflows get worse</i>	An autumn pullback in the junk-bond market is centered in the telecommunications sector, raising concerns that weakness in the group could spread if withdrawals from mutual and exchange-traded funds pick up momentum. The bond selloff has hit firms ranging from European giant Altice NV to U.S. operator Frontier Communications Corp., dragging down broader indexes of high-yield bonds – those deemed speculative by credit-rating firms.	The Wall Street Journal	11/15/2017	Jon Sindrea, Christopher Whittall and Sam Goldfarb
American Industry Picks Up Steam	American manufacturing has picked up pace over the last 12 months thanks to steady global economic growth, a rise in energy and other commodity prices, and increased business confidence. The U.S. manufacturers have added 156,000 workers since Donald Trump was elected president...	The Wall Street Journal	11/15/2017	Andrew Tangel and Josh Zumbrun

What's News	<p>◆ The S&P 500 fell 0.6%, its biggest drop since early September. The Dow shed 138.19 points to 23271.28.</p>	The Wall Street Journal	11/16/2017	
No Sleeping Giant, Vanguard Grows	<p>Vanguard Group quadrupled in size over the past eight years.</p> <p>The money-management giant is on pace to collect a record one-year total of about \$350 billion in investor cash by the end of 2017 ...</p> <p>The expected haul, which would exceed Vanguard's prior record by \$27 billion, reinforces an industrywide shift away from money managers who specialize in handpicking winners.</p> <p>Vanguard has become one of the main beneficiaries of the growing preference by investors for lower-cost passive funds, which track the performance of indexes.</p> <p>Net flows into Vanguard funds so far this year accounted for about 51% of total net flows into all U.S. mutual funds and exchange-traded funds, according to Morningstar Inc.</p>	The Wall Street Journal	11/16/2017	Sarah Krouse
The Antidote to the Fed's Poison	<p>Central bank openness and the unwillingness of policy makers to surprise investors was a powerful drug in the crisis, but leaks a slow poison into the markets. The result is that investors have piled on bad risks they would otherwise be unwilling to take on.</p>	The Wall Street Journal	11/17/2017	James Mackintosh
What's News	<p>◆ U.S. stock indexes got a lift from Wal-Mart and House passage of a tax-overhaul bill. The Dow climbed 187.08 points to 23458.36.</p>	The Wall Street Journal	11/17/2017	
Investor Zeal Cools For Riskiest Debt	<p>Emerging-market bonds are showing signs of stress, fresh evidence that investor interest in some of the world's riskiest debt may be cooling down after a long rally.</p> <p>The recent weakness in emerging markets was part of a broader correction in junk-bond prices around the globe this week that has mostly affected lower-rated issuers.</p> <p>Flows out of high-yield bond funds jumped to \$6.7 billion in the week ended Nov. 15, according to strategists...</p>	The Wall Street Journal	11/18-19/2017	Manju Datal, Saumya Vaishampayan and Christopher Whittall
What's News	<p>◆ Stocks fell, dragging the S&P 500 and Dow to weekly losses. The blue chips slid 100.12 points to 23358.24.</p>	The Wall Street Journal	11/18-19/2017	
No Stock Bubble but Rising Risks	<p>Stocks, hardly cheap at 2017's onset, have gotten progressively more expensive. Prices on junk bonds and emerging-market debt have risen sharply, driving yields even lower.</p> <p>Do these markets count as bubbles? Probably not. That is because many of the usual hallmarks of bubbles – euphoric optimism, excessive trading and a belief that no matter how crazy prices are, someone will be crazy enough to pay even more – are absent.</p> <p>Still, an asset doesn't have to be in a bubble for it to be excessively valued...</p> <p>The cyclically adjusted price earnings ratio devised by Nobel Prize winning economist Robert Shiller has gone to 31.3 from 27.9 this year. That level has only been eclipsed</p>	The Wall Street Journal	11/20/2017	Justin Lahart

	<p>twice: just before the 1929 crash when the measure peaked at 32.6, and in the years surrounding the dot-com bubble when it reached 44.2.</p> <p>The S&P 500 would have to fall by one-third for the Shiller PE to decline to its average level over the past half-century.</p> <p>... the world is in the midst of an unusual moment in which countries all over are growing while low inflation is keeping central banks at bay.</p>			
<p>Economic and Equities Trends Diverge</p>	<p>For most of the past decade, the stock markets of developed countries have powered higher even as their economies struggled with sluggish growth.</p> <p>By contrast, emerging-market economies have grown dramatically, but their stock markets have been dismal.</p> <p>Think of it as the major G-7 economies (U.S., U.K., Canada, Japan, Germany, Italy and France) vs. the BRICs (Brazil, Russia, India and China).</p> <p>U.S. stocks have climbed 76% over the past decade, outperforming India's market by more than 10 percentage points... Over that same period, India's economy grew 89% vs. just 14% for the U.S.</p> <p>Over the past decade, China's economy has more than doubled in size while its market has declined 35%.</p> <p>Over the past decade, emerging-market economies have nearly doubled in size, growing at an annualized rate of 6.6%, according to data from the International Monetary Fund.</p> <p>The MSCI Emerging Market stock index has climbed at an annualized rate of just 0.6% over that same decade.</p> <p>"Emerging-market equities rarely outpace developed-market equities to the extent one might expect when looking at the markedly superior economic growth rate among emerging economies," said Eric Lascelles, chief economist of RBC Global Asset Management.</p> <p>Mr. Lascelles sees a handful of reasons a sizable gap could persist. First, emerging markets, in general, have more meddling governments and worse corporate governance, he said, which could result in less of their economic growth benefiting investors in those economies. Secondly, the stock markets in the major developed economies are full of companies that operate globally, and thus can still benefit substantially from emerging-market growth.</p>	<p>The Wall Street Journal</p>	<p>11/20/2017</p>	<p>Josh Zumburn</p>
<p>U.S. Growth Forecasts Rise, Boosting Stocks</p>	<p>Projections for economic growth from two Federal Reserve Banks have risen recently. Behind the rising economic-growth projections has been better-than-expected data on the U.S. housing market and industrial production.</p> <p>DataTrek warns there is still time for the rising growth...</p>	<p>The Wall Street Journal</p>	<p>11/21/2017</p>	<p>Chelsey Dulaney</p>

What's News	◆ Nebraska officials approved the Keystone XL pipeline, removing its last major regulatory hurdle.	The Wall Street Journal	11/21/2017	
Long Bond, Not the Fed, Is Driving the Dollar	A currency market more focused on long-dated bonds gives policy makers less control over exchange rates and domestic financial conditions than usual, ... In the past, it was short-term interest rates – and the two-year bond yield, which reflects near-term anticipated rate changes – that were most important for major currencies. Higher interest rates attract speculative cash chasing the extra yield, while also being a sign of higher nominal growth, which justifies a stronger currency, at least in nominal terms.	The Wall Street Journal	11/21/2017	James Mackintosh
Tech Rally Powers World Markets Global giants like Apple, Amazon, Alibaba and Tencent are prime movers	Share of global technology companies are outpacing other sectors this year by the widest margin since the height of the dot-com era, with a handful of key players dictating how markets are performing around the world. Tech gains boosted the broader market. The S&P 500 and Dow Jones Industrial Average also closed at record highs... Just eight companies – Facebook, Apple, Amazon.com Inc., Netflix Inc., Alphabet Inc., Baidu Inc., Alibaba Group Holding and Tencent – have increased by \$1.4 trillion in market cap in 2017, a sum roughly equivalent to the combined annual gross domestic product of Spain and Portugal. Tech giants' powerful user networks, large cash piles and access to consumer data have led many investors to expect the big will only get bigger. Global tech stocks are up 42% this year, roughly double the gains of the broad-based MSCI AC World Index.	The Wall Street Journal	11/22/2017	Riva Gold
What's News	◆ Stock indexes set records, lifted by Apple and other tech stocks. The Dow rose 160.50 points to 23590.83.	The Wall Street Journal	11/22/2017	
Those 2017 Predictions: So Wrong	We all like to remember our successes and forget our failures... ...there is little admission of the nearly universal failure to predict what happened this year – even though the things the analysts missed are much more interesting than their forecasts. Last year, almost everyone was bullish about the prospects for the "reflation trade" of higher bond yields, stock prices and the dollar, driven by rising wages and Donald Trump's tax-cut plans. A year on, and inflation hasn't materialized, the tax discussion is bogged down in Congress and almost every analyst was wrong. Benchmark 10-year Treasury yields are down, not up: the dollar is down not up, and the S&P 500 has delivered more than double the gains of even the most bullish Wall Street prognosticators.	The Wall Street Journal	11/24/2017	James Mackintosh

Firms Cut Buybacks As Stocks Become Expensive	Large companies are repurchasing their shares at the slowest pace in five years, as record U.S. stock indexes and an expanding economy propel more money out of flush corporate coffers into capital spending and mergers. Buybacks have been popular in recent years, in part because tepid economic growth limited perceived investment opportunities as well as expected returns on new plant and expanded operations. Adding to their appeal, repurchases can make shares more attractive to investors by lowering the share count and accordingly increasing earnings per share.	The Wall Street Journal	11/24/2017	Ben Eisen and Chris Dieterich
What's News	<ul style="list-style-type: none"> ◆ The S&P 500 closed above 2600 for the first time, the Nasdaq set a record and the Dow rose 31.81 points to 23557.99. All three indexes have posted double-digit percentage gains this year and many analysts are optimistic the rally can continue. 	The Wall Street Journal	11/25-26/2017	
How Tax Reform Will Lift the Economy (Editorial)	We believe the Republican bills could boost GDP 3% to 4% long term by reducing the cost of capital. Reducing Corporate Tax Rates, as Proposed, Will Increase Economic Activity. Lowering Individual Tax Rates Also Offers Generally Positive Economic Effect. Confirming a Pro-Growth Objective Is Important for the Path Forward.	The Wall Street Journal	11/27/2017	
Who's Afraid of Index Funds?	More investors are choosing indexing over funds managed by traditional stock pickers, known in the industry as active managers. As more individuals and institutions invest in index products rather than individual stocks, critics claim, the price of these securities becomes increasingly untethered from the value of individual companies. Indexed assets – including mutual funds, ETFs and institutional portfolios – account for less than 20% of all global equities according to our analysis. If indexing began to distort stock prices, that would create an enormous opportunity for active fund managers to reap big returns – attracting more dollars to those active funds and at least partly reversing the flow toward index management.	The Wall Street Journal	11/27/2017	Barbara Novick
S&P Vaults to 2600	The eight-year U.S. stock-market rally continues to rack up milestones. And fast. The S&P 500 finished last week at 2602, closing above another round number as it continues its virtually unhindered ascent in 2017. The 4% advance marks the second time the index reached a century milestone in fewer than 50 days.	The Wall Street Journal	11/27/2017	Chris Dieterich
In Growth Vs. Value, A Shift Takes Hold	The U.S. stock market is showing the biggest divergence between cheap and pricey stocks since the aftermath of the dot-com bubble, as investors chase the performance of companies with rising earnings.	The Wall Street Journal	11/28/2017	James Mackintosh

	<p>Valuations of growth companies – those able to show rising earnings, typically priced at a premium – have soared this year even as price/earnings ratios of cheap “value” stocks slid, an unusual separation.</p> <p>Growth and value stocks in the U.S. returned the same from the start of the post-Lehman recovery in 2009 until January this year...</p> <p>Value stocks are by definition those that are cheap, and they are almost always cheap for the good reason that they have poor earnings prospects. In the past, they have beaten growth stocks, as investors tend to regard value stocks as having even worse prospects than they actually have, meaning they rebound as reality asserts itself.</p> <p>Growth companies are those expected to do well from new technologies...</p>			
What's News	<p>◆ Powell signaled that he would stick to the same monetary-policy course Yellen charted if he is confirmed as Fed chairman.</p>	The Wall Street Journal	11/29/2017	
What's News	<p>◆ Financial shares helped the Dow and S&P 500 notch their biggest gains since September. The blue chips rose 255.93 to 23836.71.</p>	The Wall Street Journal	11/29/2017	
What's News	<p>◆ The GOP tax plan gained momentum when two key Senate Republicans expressed optimism about the bill and a congressional panel advanced the measure.</p>	The Wall Street Journal	11/29/2017	
Climb in Oil Prices Buys Hopes of Energy Producers	<p>Oil prices are approaching \$60 and major energy companies are signaling fresh optimism that they can hold the recent gains, a reversal from a few months ago when prices were languishing.</p> <p>West Texas Intermediate prices have surged more than 36% from a June low to a two-year high.</p> <p>In another sign prices are expected to stabilize, major oil companies are looking to reward shareholders after years of belt tightening.</p>	The Wall Street Journal	11/29/2017	Stephanie Yang and Allison Sider
What's News	<p>◆ The Dow posted its biggest one-day gain in a year and closed above 24000 for the first time. The blue-chip index surged 331.67 points to 24272.35. Meanwhile, all 11 S&P 500 sectors rose.</p>	The Wall Street Journal	12/01/2017	

“The whole problem with the world is that fools and fanatics are always so certain of themselves, and wise people, so full of doubts.” *Bertrand Russell*

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