

RESOURCE LOG – January 2017

| Article Title | Detail | Publication | Date | Author |
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| <p>Bonds Take a Roller-Coaster Ride <i>Although yields end year slightly above where they began, in between was drama</i></p> | <p>Buy-and-holders could have slept through 2016 and would hardly have notices the difference. The yield on the benchmark 10-year Treasury note closed at 2.446% on 2016's final trading session, up from 2.273% at the end of 2015....</p> <p>Yields, which fall as prices rise, tumbled nearly a percentage point by the summer, with the 10-year hitting a record low of 1.366% in early July.</p> <p>The remarkable rally was then followed by the biggest quarterly selloff in more than two decades. The Treasury yield climbed 0.841 percentage point between October and December, the largest quarterly gain since 1994.</p> <p>The extremes tell a story of fears and hopes: Investors flocked to the world's largest bond market for safety as 2016 started, when a sinking Chinese stock market and yuan heightened worries about the global economy.....</p> <p>In addition, higher fiscal spending typically requires more issuance of Treasury bonds for funding, and investors are concerned that more debt supply would pressure yields higher at a time when demand for bonds has diminished.</p> <p>The recent selloff has shrunk the total return from the overall Treasury bond market to 0.8% this year through Thursday, according to Bloomberg Barclays bond indexes data. The S&P 500 stock index logged a 12% return over the same period according to FactSet.</p> <p>The 10-year yield is less than half its trading level in 2007.</p> <p>Junk Ranks</p> <p>Total returns in 2016</p> <p>U.S. high-yield corporate bonds, or junk debt - 17%</p> <p>U.S. investment-grade corporate bonds – 5.8%</p> <p>Treasury inflation-protected securities – 4.3%</p> <p>Mortgage-backed securities – 1.4%</p> <p>Municipal debt 0.2%</p> <p>Note: All data are through Thursday. Source: Bloomberg Barclays Indices</p> | The Wall Street Journal | 12/31/16-01/01/17 | Min Zeng |
| <p>Oil Posts Biggest Annual Gain Since Crisis</p> | <p>Oil had its biggest annual gain in 2016 since the financial crisis, even in a year that also sent prices dipping to a decade low.</p> <p>...with many traders now betting oil will approach \$60 a barrel within just a year of a crash that had pushed it below \$30 and shook financial markets world-wide.</p> | The Wall Street Journal | 12/31/16-01/01/17 | Timothy Puko |

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| | <p>What U.S. producers do 2017 will be one of the biggest questions for traders. They helped cause the oil glut by figuring out how to tap large quantities of oil from shale rock.</p> <p>The number of working rigs in the U.S. is likely to rise 30% with the next six months...</p> | | | |
| What's News | <p>◆ The Dow Industrials shook off their worst-ever start to a year to log their best performance since 2013, as investors banked on an improving economy. The blue-chip index gained 13% in 2016 to 19762.60.</p> | The Wall Street Journal | 12/31/16-01/01/17 | |
| A Path Through the Gridlock | <p>This President-elect appears to have the first opportunity in a decade to break through Washington gridlock and get stuff done. And some of that stuff could be a boon to business.</p> <p>Top of that list is a corporate tax deal that will allow big companies like Microsoft, Apple, General Electric, Pfizer, IBM and others to repatriate (at a lower tax rate) some of the \$2.5 trillion in cash they have stashed overseas – a deal that would juice their bottom lines. That's the good news. The bad news is that a hoard of repatriated cash won't change the fundamental forces that have gutted the nation's middle class.</p> <p>Nor will renegotiated trade deals. Those 800 jobs at the Carrier air-conditioning plant that Trump saved almost certainly will be gone a decade from now – lost to automation, not trade.</p> | Fortune | 01/01/2017 | Alan Murray |
| Here's How Donald Trump Can Win a Trade War With China | <p>As Trump has pointed out, the U.S. has the stronger hand on trade. While the U.S. is the destination for 18% of all Chinese exports, China accounts for less than 8% of American exports. The U.S. is wealthier, too, meaning that it has more resources to suffer through any slowdown that may result from a trade battle.</p> | Fortune | 01/01/2017 | |
| 401(k) Pioneers Lament What They Started <i>Retirement-saving vehicles fall short of early backers' rosy expectations</i> | <p>Just 13% of all private-sector workers have a traditional pension, compared with 38% in 1979.</p> <p>Misgivings about 401(k) plans are part of a larger debate over how best to boost the savings of all Americans. Some early 401(k) backers are now calling for changes that either force employees to save more or require companies to funnel additional money into their workers' retirement plans.</p> | The Wall Street Journal | 01/03/2017 | Timothy W. Martin |
| Business Ready to Ramp Up Investment <i>After years of buybacks and cash-hoarding...</i> | <p>U. S. companies are preparing to invest a gain after years on the sidelines, and rising interest rates are unlikely to impede them.</p> <p>Executives have grown more optimistic about growth, in part anticipating that President-elect Donald Trump's administration and Republican congressional majorities will bring regulatory rollbacks, corporate tax breaks and increased infra-structure spending.</p> <p>Despite years of near-zero interest rates that made borrowing cheap, many big U. S. corporations have been hoarding cash of plowing money into safer pursuits in the wake of the recession.</p> <p>Rising interest rates won't interfere with the planned investments, said Gisbert Rühl, chairman of Klöckner's management board.</p> | The Wall Street Journal | 01/03/2017 | Theo Francis and Vipal Monga |

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| | <p>Companies saw little reason to invest when U.S. economic growth was sluggish. Quarterly gross domestic product has averaged an annualized 1.5% growth since the Lehman collapse, compared with a decades-long average – going back to 1930 – of more than 3%.</p> | | | |
| <p>No Silver Bullet for Commodities</p> | <p>Global commodities producers are hoping that china will order big lumps of iron, coal and copper in the new year to send prices higher.</p> <p>The miners are banking on a boost in infrastructure spending, which they believe would offset the price declines caused by slowing growth in housing. China is the marginal buyer of every big commodity, but the idea that Chinese infrastructure can itself drive prices much beyond recent highs looks misplaced.</p> <p>But by the same token, investors shouldn't count on Chinese infrastructure spending to push commodities higher, unless the central government steps in with much more aggressive direct stimulus.</p> | The Wall Street Journal | 01/03/2017 | Nathaniel Taplin |
| <p>Financial shares rallied on hopes that higher rates, lower taxes, fewer constraints and a stronger economy will grow bank profits</p> | <p>So far, markets are upbeat on the possibilities, betting banks will benefit from higher rates, that other businesses can tolerate them and that less regulation and lower taxes will help the economy overall.</p> <p>The KBW Bank Index has risen about 22% since Election Day, hitting its highest level since 2009. That is a dramatic reversal for an index of large national and regional banks...</p> <p>If there is a problem for bank-stock investors, it is that shares are priced at levels that suggest the future is already here.</p> | The Wall Street Journal | 01/03/2017 | John Carney |
| <p>Oil's Slippery Path Higher <i>Analysts expect crude to be volatile after its big 2016 rebound as producers make cuts</i></p> | <p>After more than two years of a crude glut that drove prices to decade lows, analysts and industry executives see supply and demand of oil rebalancing in 2017.</p> <p>Market watchers expect prices to stay volatile, however, given OPEC members and other producers often haven't followed through on similar agreements in the past.</p> <p>On Friday, West Texas intermediate crude closed at \$53.72 a barrel, up 45% for the year, the commodity's best performance since 2009.</p> | The Wall Street Journal | 01/03/2017 | Georgi Kantchev and Sarah McFarlane |
| <p>Manufacturing Finishes 2016 With Best Growth in Two Years</p> | <p>The U.S. manufacturing sector entered the new year with the wind at its back, finishing 2016 with its strongest growth in two years.</p> <p>...purchasing-managers index rose to 54.7 in December... A reading over 50 indicates expansion; the gauge has signaled growth in nine of the past 10 months.</p> <p>Still, the industrial side of the economy remains weak. Federal Reserve data showed manufacturing output rose a meager 0.1% in November from a year earlier...</p> <p>Growth has been more robust in service industries, which account for the bulk of U.S. employment and economic output...</p> | The Wall Street Journal | 01/04/2017 | Ben Leubsdorf |

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| Profit Rebound Emboldens Stock Bulls | <p>Earnings at S&P 500 companies will rise 3.2% from a year earlier in the fourth quarter, according to analysts polled by FactSet. That builds on a 3.1% gain in the third quarter, which marked the first year-over-year rise in corporate earnings since the first quarter of 2015 and could point to a more lasting breakout, analysts said.</p> <p>Corporate profits are among the strongest determinants of market performance, investors and analysts say.</p> | The Wall Street Journal | 01/04/2017 | Akane Otani |
| Emerging-Market Exodus | <p>The U.K.'s vote in June to leave the European Union had sent a flood of cash into emerging markets from Indonesia to Mexico last summer, as investors piled on bets that slow growth and economic uncertainty would encourage major central banks to keep interest rates low.</p> <p>The U-turn came after Mr. Trump's surprise win in November and the Federal Reserve's move to raise short-term interest rates for the first time in a year.</p> <p>Foreign investors yanked an estimated \$3.4 billion out of emerging markets in December, largely from bonds, the data show. Analysts say this recent rally in the U.S. dollar, which has been hovering near 14-year highs, could trigger further stress in emerging markets in the near term. A stronger U.S. dollar makes it more expensive for foreign companies and governments to repay their dollar-denominated debt.</p> | The Wall Street Journal | 01/05/2017 | Saumya Vaishampayan and Rachel Rosenthal |
| What's News | <p>◆ U.S. light-vehicle sales hit a second straight annual high in 2016, boosted by a late-year surge that was fueled by deep discounts.</p> | The Wall Street Journal | 01/05/2017 | |
| What's News | <p>◆ Consumer stocks led U.S. indexes higher, propelled by auto makers and apparel retailers. The Dow rose 60.40 points to 19942.16.</p> | The Wall Street Journal | 01/05/2017 | |
| As Inflation Rises, Focus Turns to ECB <i>Climbing prices in Eurozone could spur central bank to rein in bond-buying program</i> | <p>Driven primarily by more costly oil, consumer prices rose 1.1% in December from a year earlier, the fastest rate of growth since September 2013, according to official statistics released Wednesday.</p> <p>That increase is still below the ECB's inflation target of close to 2%, but well above the 0.6% rise recorded in the year to November. Some market indicators are predicting higher prices in the future.</p> <p>Even small increases in inflation could have wide-ranging effects on markets. That may be particularly so in the Eurozone because inflation could push the ECB to curb its unprecedented monetary stimulus, an influence that has dominated the region's markets for three years.</p> <p>Rising inflation hits debt markets particularly hard because it erodes investor returns on fixed-income assets.</p> <p>Higher inflation is already being priced into bond markets. Germany's 10-year bond yields rose to as high as 0.288% on Wednesday, up from a low of minus 0.189% last year. In the same period, 10-year U.S. Treasury yields increased from 1.356% to 2.46%. A bond's yield rises as the price of the asset falls.</p> | The Wall Street Journal | 01/05/2017 | Mike Bird and Paul Hannon |

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| <p>VIX, Stocks Rise Together <i>Barometer of market turbulence flashes a warning with sign of increased hedging</i></p> | <p>The historical relationship between Wall Street’s “fear gauge” and U.S. equities faltered last month, in a sign that investors are demanding protection against wild swings in stocks as the market flirts with all-time highs.</p> <p>The CBOE Volatility Index, or VIX, is derived from the prices of S&P 500 index options and is a barometer of expectations for stock-market turbulence. The correlation between the VIX and the benchmark S&P 500 typically is negative, meaning when stocks slide, the VIX tends to rise and vice versa.</p> <p>But in December, the VIX and S&P 500 rose together for six days, or 50% of the days that stocks climbed during the month...</p> <p>Bank of America’s Benjamin Bowler forecasts more prolonged shocks in the market alongside higher turbulence overall in 2017.</p> <p>“2017 is about looking forward to a world where ultimately central banks have less control”, he said.</p> | <p>The Wall Street Journal</p> | <p>01/06/2017</p> | <p>Gunjan Banerji</p> | | | | | | | | | | | | |
| <p>Oil Rises on Belief In OPEC’s Plans</p> | <p>Oil prices closed out a fourth consecutive week of gains, as confidence in lower production levels outweighed building oil products in storage.</p> <p>Light, sweet crude for February delivery settled up 23 cents, or 0.4%, on Friday at \$53.99 a barrel on the New York Mercantile Exchange.</p> | <p>The Wall Street Journal</p> | <p>01/7-8/2017</p> | <p>Kevin Baxter and Jenny W. Hsu</p> | | | | | | | | | | | | |
| <p>Dow’s Friday Flirtation with Milestone Falls Short</p> | <p>The Dow Jones Industrial Average shook off early declines and made several runs toward 20000, before backing away late in the session.</p> <p>Friday close 19963.80, ▲ 0.3%.</p> | <p>The Wall Street Journal</p> | <p>01/7-8/2017</p> | | | | | | | | | | | | | |
| <p>Wage Growth Ticks Higher <i>Paychecks rose, though jobs gains eased in December presenting murky economic picture</i></p> | <p>Job creation eased last month but workers are seeing long-awaited wage gains, signs that seven years into a slow-growing expansion the labor market is improving enough to reap some benefit for American households.</p> <p>The unemployment rate ticked up to 4.7%, but finished 2016 at the lowest point to end a year in a decade.</p> <p>Friday’s results showed a mixed picture for the economy. While wages improved, growth remains subdued and is still sluggish compared to a decade ago.</p> | <p>The Wall Street Journal</p> | <p>01/7-8/2017</p> | <p>Eric Morath and Ben Leubsdorf</p> | | | | | | | | | | | | |
| <p>Hyperinflation <i>The Bolivar’s Historic Fall</i></p> | <p>Venezuela’s currency has collapsed so sharply over the past few months that cash is being weighed instead of counted. The country’s inflation rate accelerated quickly in November, reaching historic levels.</p> <p>On Nov. 30, prices in Venezuela were 221% higher than on October 30.</p> <p>Days required for prices to double at an economy’s most inflationary moment:</p> <table border="1" data-bbox="373 1395 751 1505"> <tr> <td>Hungary</td> <td>July 1946</td> <td>0.6</td> </tr> <tr> <td>Zimbabwe</td> <td>Nov. 2008</td> <td>1</td> </tr> <tr> <td>Yugoslavia</td> <td>Jan. 1994</td> <td>1.4</td> </tr> <tr> <td>Russia</td> <td>Jan. 1992</td> <td>17.0</td> </tr> </table> | Hungary | July 1946 | 0.6 | Zimbabwe | Nov. 2008 | 1 | Yugoslavia | Jan. 1994 | 1.4 | Russia | Jan. 1992 | 17.0 | <p>Bloomberg Business</p> | <p>01/08/2017</p> | <p>Ben Bartenstein and Mark Glassman</p> |
| Hungary | July 1946 | 0.6 | | | | | | | | | | | | | | |
| Zimbabwe | Nov. 2008 | 1 | | | | | | | | | | | | | | |
| Yugoslavia | Jan. 1994 | 1.4 | | | | | | | | | | | | | | |
| Russia | Jan. 1992 | 17.0 | | | | | | | | | | | | | | |

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| | In postwar Hungary, prices doubled every 15 hours. Prices rose sharply after the collapse of the Soviet Union. | | | |
| How to Play the Small-Stock Comeback <i>A lot of pros think the recent rally in small-cap stocks is more than just a postelection blip. But investors need to be selective</i> | <p>...Russell 2000 small-stock index stuck in a bear market in early February, down 26% from its high in 2015 – small stocks regained their footing by midyear, playing catch-ups the profit picture began to improve for some companies...</p> <p>Then small stocks exploded the day after the presidential election, in part due to bets that smaller companies – which skew toward domestic rather than international business – would benefit more than others from President-elect Donald Trump's policies. With a gain of 11% in November alone, the Russell 2000 ended the year with a 19.5% advance and a total return of 21.3%.</p> <p>According to data from Thomson Reuters Lipper, while large-cap funds posted average returns ranging from 1.8% (for growth funds) to 14.6% (for value funds), small-cap value funds easily beat all of the other nonspecialist stock-fund categories, recording an average return of 26.8%.</p> <p>There are a number of possible headwinds for small stocks, chief among them the fact that Federal Reserve policy makers have resumed raising interest rates precisely as small-stock valuations have moved into nosebleed territory.</p> | The Wall Street Journal | 01/09/2017 | Suzanne McGee |
| What's News | ◆ Investor confidence is growing that the junk-bond rally can last, as earnings of firms with low credit ratings rise and defaults slow. | The Wall Street Journal | 01/09/2017 | |
| Dollar So Ripped, It Might Actually Rip <i>The greenback is at a 14-year high and could keep rising</i> | <p>The headlines are full of scary reports about the dollar's rise to a 14-year high against a basket of six major currencies. Its strength will hurt U.S. manufacturing while triggering capital flight from emerging markets, economists say. The appreciation "is a real serious noose around the neck of the global economy", Davis Beckworth, a senior research fellow at the Mercatus Center at George Mason University in Arlington, VA, said in November.</p> <p>The Fed's index remains 10 percent below its 2002 high and fully 19 percent below the lofty high of 1985, which led to an emergency international accord to lower the greenback's value through official, coordinated sales of dollar reserves.</p> <p>Fundamental factors are driving the dollar upward. Because U.S. growth is strong and unemployment low, Fed policymakers are projecting three more quarter-point increases in short-term rates in 2017. That will tend to push up the dollar by making U.S. Treasuries and other fixed-income investments more lucrative.</p> <p>A strong dollar is bad for U.S. growth, making American goods and services less competitive in world markets. A rule of thumb says that a 10 percent rise in the dollar increases the trade deficit by 1 percent of gross domestic product, and that translates into the loss of hundreds of thousands of jobs, says Brad Setser, a senior fellow at the Council on Foreign Relations in New York.</p> <p>The greenback's strength could cause problems in emerging markets such as Mexico and Turkey, because it increases how much of the local currency borrowers need to spend to make payments on bonds they issued in dollars.</p> | Bloomberg Businessweek | 01/09-15/2017 | |

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| | Labor hit its highest level since May 2009 1% | | | |
| Oil Prices Log Big Drop on Supply Worries | <p>U.S. oil prices took their largest losses in a month Monday, with a wide slate of factors suggesting a glut of oil may not go away as quickly as some had bet.</p> <p>Early losses came from fears of growing production coming from more rigs in the U.S.A. and from signs of an unrelenting wave of oil from Iraq and Iran.</p> <p>Light, sweet crude for February delivery settled down \$2.03, or 3.8%, at \$51.96 a barrel on the New York Mercantile Exchange.</p> <p>Signs of steadily high supply coming out of Iraq and Iran are undermining faith in a deal to cut supply from the Organization of the Petroleum Exporting Countries and other global exporters...</p> | The Wall Street Journal | 01/10/2017 | Timothy Puko |
| What's News | The S&P 500 fell, led by declines in energy shares as oil prices slid. The Dow lost 76.42 points to 19887.38. | The Wall Street Journal | 01/10/2017 | |
| Bonds Rebound, and Companies Dive In <i>Investment-grade debt sales are the most at the start of a year in two decades</i> | <p>So much for the death of the bond market.</p> <p>For all the talk in recent months of how faster economic growth and higher inflation would spur a sustained move out of fixed-income investments and into stocks, bond prices so far have rallied in 2017 while share-price index gains have slowed.</p> <p>The yield on the 10-year Treasury note has fallen 0.066 percentage point this year to 2.379%. Bond yields fall when prices rise.</p> <p>It isn't just high-grade corporate debt that has been doing well. The market for junk-rated corporate bonds capped its biggest annual returns last year since 2009.</p> | The Wall Street Journal | 01/11/2017 | Ben Eisen |
| What's News | ◆ Mexico's peso tumbled to another record low as Trump pledged to change the U.S.'s trade policy with its southern neighbor. | The Wall Street Journal | 01/12/2017 | |
| What's News | ◆ Fed officials are starting the year largely unified in expectation of a gradual series of rate increases. | The Wall Street Journal | 01/13/2017 | |
| What's News | ◆ The Dow fell 63.28 points to 19891.00 after rebounding from bigger losses, pulled down by financial shares. | The Wall Street Journal | 01/13/2017 | |
| What's News | ◆ Germany's economy grew strongly in 2016, propelled by a buoyant labor market and government spending. | The Wall Street Journal | 01/13/2017 | |
| What's News | ◆ The Dow slipped 5.27 points to 19885.73, notching a weekly decline as its post-election rally tapered off. | The Wall Street Journal | 01/14-15/2017 | |
| Dow's Postelection Sizzle Cools <i>Blue-chip index drops 0.4% during the week</i> | <p>U.S. stocks have largely moved sideways over the past month, keeping the Dow industrials just shy of the 20000 milestone, after stocks soared following the election...</p> <p>Postelection trends in government bonds, the dollar and gold have also showed signs of reversal.</p> | The Wall Street Journal | 01/14-15/2017 | Corrie Driebusch and Riva Gold |

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| <p><i>as investors await Trump policy details</i></p> | <p>On Friday, the Dow industrials declined 5.27 points, or less than 0.1% to 19885.73...</p> <p>The S&P 500 rose 4.20 points, or 0.2%, Friday to 2274.64, and the Nasdaq Composite added 26.63 points, or 0.5%, to 5574.12.</p> <p>Meanwhile, oil slid 3% for the week to \$52.37 a barrel.</p> | | | |
| <p>IMF Raises Growth Forecast for U.S. Economy</p> | <p>The International Monetary Fund on Monday bumped up its economic growth forecasts for the U.S., saying output could grow nearly a half-percentage point faster than previously thought over this year and next, thanks to Mr. Trump's plans to cut taxes and boost infrastructure spending. That would put U.S. economic expansion at 2.3% this year and 2.5% next year.</p> <p>Both institutions warned that Mr. Trump's trade plans could undermine global growth if he moves ahead with vowed tariffs and other punitive actions against longtime trade partners...</p> | <p>The Wall Street Journal</p> | <p>01/17/2017</p> | <p>Ian Talley</p> |
| <p>The New Landscape <i>In the wake of a tumultuous year, globalists survey a world of uncertainty</i></p> | <p>In 2016, history began another chapter. Donald Trump's U.S. election victory and Britain's decision to leave the European Union reversed a march toward ever-closer global economic integration under way since the end of World War II.</p> <p>At the heart of the shift is a fundamental paradox of the postwar global economy: Free trade, greater interconnectedness and rapid technological change have lifted billions of people out of poverty and created a burgeoning middle class in the developing world.</p> <p>Globalization – characterized by free flows of goods and capital and national acceptance of international norms – has been good at creating wealth but less successful at maximizing people's welfare.</p> <p>Since the 2008 financial crash, economic insecurity in many Western countries has increased and income and wealth disparities have widened.</p> <p>In the U.S., unemployment is low and average wages have risen since the crash – but labor-force participation is at almost 40-year lows.</p> | <p>The Wall Street Journal</p> | <p>01/17/2017</p> | <p>Stephen Fidler</p> |
| <p>Bonds Signal Moderating Expectations <i>Fall in real U.S. yields hints investors are less confident about Trump economic plan</i></p> | <p>Inflation-adjusted yields on U.S. government bonds have tumbled over the past month, another sign of moderating market expectations for the Trump administration's economic plan.</p> <p>Real yields, which subtract inflation readings from the 10-year U.S. treasury note's yield, recently dropped to 0.38% from 0.74% at their mid-December postelection peak. Real yields tend to rise with a strengthening economy, so the surge following Donald Trump's Nov. 8 election signaled a global expansion of economic activity was under way.</p> <p>The yield on the benchmark 10-year Treasury note closed at 2.38% Friday, down from its two-year high of 2.6% on December 16. It was 1.867% on Election Day.</p> <p>"Inflation will undermine the real incomes of U.S. consumers and force the Fed to hike rates, which could jeopardize the stock market rally and push the economy closer to an</p> | <p>The Wall Street Journal</p> | <p>01/17/2017</p> | <p>Min Zeng</p> |

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| | overdue recession”, said Jan Dehn, head of research at the asset-management firm Ashmore Group. | | | |
| Gold Regains Its Glow for Investors as Global Uncertainties Increase | <p>A weaker dollar and jitters about the U.K.’s exit from the European Union helped lift gold to a two-month high Tuesday.</p> <p>Gold for January delivery rose 1.4% to \$1,212 a troy ounce on the Comex...</p> <p>Prime Minister Theresa May on Tuesday said the U.K. intends to leave the European Union’s single market...</p> <p>Doubts about how the move would affect the U.K. economy and global markets sent some investors into gold.</p> | The Wall Street Journal | 01/18/2017 | Ira Iosebashvili and Ed Ballard |
| What’s News | ◆ U.S. stocks and government-bond yields fell as investors reassessed bets on Trump policies. The Dow dropped 58.96 to 19826.77. | The Wall Street Journal | 01/18/2017 | |
| What’s News | ◆ The consumer-price index poked above 2%, a sign of reduced slack in the economy that could support additional Fed moves to raise rates. | The Wall Street Journal | 01/19/2017 | |
| Challenges Lurk in the Economy | <p>President elect Donald Trump inherits an economy in much stronger shape than at either of the past two inaugurations...</p> <p>Mr. Trump says he wants to see 4% growth for an economy that hasn’t enjoyed even 3% growth in more than a decade.</p> <p>The recovery since the 2007-09 recession has been unusually slow but is also the fourth longest on record...</p> <p>The unemployment rate has fallen to 4.7%, a nine-year low.</p> <p>“If you look across the broad spectrum – capital expenditures, business confidence, consumer confidence, household building, household formation, wage income, wages going up, unemployment going down, auto sales going up, retail sales going up - (the economy) looks like it’s getting stronger, not weaker”, said James Dimon, chief executive of J.P. Morgan Chase & Co., last week.</p> <p>Still, there are broader concerns over declining opportunity for large swaths of the country, particularly Americans without college degrees and in more rural areas.</p> | The Wall Street Journal | 01/20/2017 | Nick Timiraos |
| Stumble Has Dow In Red for 2017 | <p>The Dow Jones Industrial Average erased its 2017 gains as a rally sparked by the election of Donald Trump faded.</p> <p>It was the Dow industrials’ first close in negative territory for the year and its fifth consecutive session of declines – it’s longest losing streak since before the election. The index surged in November as investors piled into shares of banks and industrial companies.</p> <p>The Dow Jones Industrial Average fell 72.32 points, or 0.4%, to 19732.40 on Thursday closing at its lowest level since December 8.</p> | The Wall Street Journal | 01/20/2017 | Akane Otani |

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| | <p>Shares of financial companies – the best-performing S&P 500 sector from Election Day to year-end – are down 1.1% in 2017.</p> <p>The S&P 500 lost 8.2 points, or 0.4%, to 2263.69 on Thursday...</p> | | | |
| <p>Treasury Yields Resume Ascent <i>Trump trade ramps up after Yellen reaffirms the Fed's stance on raising interest rates</i></p> | <p>Government-bond yields surged to their highest level since January 3, as the inflation trade that took off in the days after Donald Trump's election regained intensity.</p> <p>The yield on the 10-year Treasury note settled at 2.461% on Thursday...</p> <p>Chairwoman Janet Yellen reaffirmed that the central bank expects to raise short-term interest rates several times this year.</p> <p>The latest selloff in U.S. debt highlights the market's sensitivity to modest shifts in sentiment...</p> <p>There are signs foreign investors have been buyers of Treasury bonds over the past few weeks.</p> <p>Still, some big foreign central banks such as in China may continue to sell Treasuries to counter a weakening currency.</p> | The Wall Street Journal | 01/20/2017 | Min Zeng and Rachel Rosenthal |
| <p>Dow's Trump Rally is Good, but Not Best</p> | <p>Donald Trump's victory sparked a rally that sent the Dow Jones Industrial Average to its most impressive run from election to inauguration in 20 years.</p> <p>The blue-chip index has climbed 8.2% from the close on Election Day...</p> <p>Some of the biggest moves since Mr. Trump's election have already waned. Financial stocks in the S&P 500, which surged 17% between Election Day and the end of 2016, have fallen 0.6% in 2017.</p> | The Wall Street Journal | 01/21-22/2017 | Akane Otani |
| <p>What's News</p> | <p>◆ The Dow ended 94.85 points higher at 19827.25 after Trump was sworn in.</p> | The Wall Street Journal | 01/21-22/2017 | |
| <p>Investors Curb Their Enthusiasm <i>Market sentiment shifts from just after U.S. election, bets against equities grow</i></p> | <p>Investors are turning more cautious as President Donald Trump takes office, a shift from the early days after his victory when stocks surged on the hopes that his policies would accelerate growth.</p> <p>The S&P 500 is still up 6.2% since Election Day...</p> <p>But investors also are positioning themselves more defensively by increasing cash or hedging against a potential resurgence in volatility.</p> <p>A U.S. trade war and devaluation of Chin's currency were cited as among the biggest fears, the survey showed.</p> <p>...said Michael Fredericks, portfolio manager of BlackRock Inc.'s multiasset income fund. "We can expect that Trump will implement very different policies than under Obama. That policy is probably a big driver of volatility and uncertainty in the equity markets".</p> | The Wall Street Journal | 01/23/2017 | Gunjan Banerji, Ben Eisen and Akane Otani |
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| <p>Investors Curb Their Enthusiasm <i>Market sentiment shifts from just after U.S. election; bets against equities grow</i></p> | <p>The S&P 500 is still up 6.2% since Election Day, and it hasn't fallen by 1% or more in 69 trading sessions. But investors also are positioning themselves more defensively by increasing cash or hedging against a potential resurgence in volatility.</p> <p>Global fund managers increased their cash holdings to 5.1% of their portfolios...</p> | <p>The Wall Street Journal</p> | <p>01/23/2017</p> | <p>Gunjan Banerji, Ben Eisen and Akane Otani</p> |
| <p>Man of the (Very Rich) People <i>Wilbur Ross is the face of Donald Trump's experiment in government by – and possibly for – the plutocracy</i></p> | <p>On the last day of November, President-elect Donald Trump chose Wilbur Ross as his nominee for secretary of Commerce.</p> <p>...Trump spokesman has said Ross will be the administration's leader on setting trade priorities, a role usually reserved for the U.S. Trade Representative.</p> <p>In his September white paper co-written with Navarro, Ross promised that, by improving deals, boosting exports, replacing some imports with American products, and using tariffs, Trump would cut the trade deficit so dramatically that new tax revenue would mostly make up for all those tax cuts. Moody's Analytics wasn't as optimistic. In June it said Trump's economic proposals would trigger a trade war and a recession.</p> | <p>Bloomberg Businessweek</p> | <p>01/23-29/2017</p> | <p>Max Abelson</p> |
| <p>The Looming Trump Trade Disaster <i>A meticulously constructed and delicate system of international commerce is at stake</i></p> | <p>Trump's nominee for commerce secretary, meanwhile, appears to believe in the opt-down management of trade: "We should treat ourselves as the world's biggest customer and treat nations that are selling to us as suppliers to us," Wilbur Ross told the Financial Times. The global economy, according to this thinking, isn't about myriad companies everywhere the best products at the lowest cost; it's a zero-sum battle between two monolithic collectives: us and them.</p> <p>Congress wouldn't be able to do much to restrain the trade measures, especially in the short term. Laws authorizing existing trade agreements, as well as other statutes delegating authority to the president in times of emergency, grant him wide powers ...</p> <p>Declaring a trade war on the world can only lead to collapsing confidence and recession.</p> | <p>Bloomberg Businessweek</p> | <p>01/23-29/2017</p> | |
| <p>May Spells Out Her Ambitious Wish List</p> | <p>Her ideal accord would allow tariff-free trade between Britain and the EU, while she would secure the freedom to strike new pacts with other countries. London-based banks would still provide services across the continent without bureaucratic barriers and would get time to adjust to the new order.</p> <p>To those in Europe who think May is asking for too much, she argued that agreeing to her terms would be "economically rational".</p> <p>EU officials welcomed May's statement of specifics, while repeating their long-held position that they won't enter negotiations before she formally initiates the exit process...</p> <p>May runs the risk of failing to see the importance to Europe of protecting the EU...</p> <p>Europeans in this camp want to deny her the trade deal that she says would be best for both parties.</p> | <p>Bloomberg Businessweek</p> | <p>01/23-29/2017</p> | |

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| Trump's Uncertainty Principle | The open question is whether Trump will, on net, be good or bad for business. The first billionaire president could help companies by cutting their taxes, reducing regulation, and generally understanding their needs in a way the community organizer who preceded him never could. But Trump could also make a mess of things if erratic policies create fear, uncertainty, and doubt. Trade wars could break out. Interest rates could soar to punishing levels if Trump manages to persuade Republicans in Congress to pass the giant tax cuts he's seeking without corresponding spending reductions. | Bloomberg Businessweek | 01/23-29/2017 | |
| What's News | ◆ Trump pulled out of the 12-nation Pacific trade deal and promised to impose a border tax on companies that move some operations overseas. | The Wall Street Journal | 01/24/2017 | |
| What's News | ◆ U.S. stocks, the dollar and yields on government bonds fell after Trump said he would shake up trade, taxes and regulation. | The Wall Street Journal | 01/24/2017 | |
| What's News | ◆ Oil prices fell on worries over potentially rising U.S. shale production. | The Wall Street Journal | 01/24/2017 | |
| Trump moves fast on oil pipelines | President Trump signed five more executive actions Tuesday in a blitz of executive power meant to speed approvals of high-profile energy and infra-structure projects, including two controversial pipeline projects in the upper Midwest. Keystone XL became a lightning rod for Obama's energy policy, with the administration taking seven years to make a decision before ultimately killing it over environmental concerns. | USA Today | 01/25/2017 | Gregory Korte |
| Stock Showdown | Future market returns are largely determined by financial and economic conditions that exist at the start of an investment period. Generally speaking, the odds of reaping bigger gains improve when the market and economy are depressed – not when it is at all-time highs and a lot of optimism is already built into prices. That's why it's unlikely stocks under President Trump will generate the returns they did under President Obama. In Obama's two terms, the Standard & Poor's 500 index nearly tripled in value, gaining 182%. That rally followed the biggest stock market decline since the Great Depression. The market's bull run, nearing its eighth birthday, may have less long-term upside potential now than it did in the dark days of early 2009, despite the euphoria around what Wall Street perceives as Trump's business-friendly agenda. Wall Street thinks Trump's plans to cut corporate taxes, regulate businesses less aggressively and spend on infrastructure will boost the economy, corporate earnings and stock market. The downside is the Fed plans to raise borrowing costs a quarter of a percentage point three times this year. The S&P 500 is trading at 19 times earnings, which means the market is overvalued and vulnerable to disappointment. | USA Today | 01/25/2017 | Adam Shell |
| 6 U.S. oil-rich states in recession | Recession swamped six of the eight biggest oil-pumping U.S. states in 2016, according to a new report that illustrates the damaging effect of the global commodity's slide on American energy. | USA Today | 01/25/2017 | Nathan Bomey |

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| | <p>...petroleum's rough ride in 2016 tripped Alaska, Louisiana, New Mexico, North Dakota, Oklahoma and Wyoming into recession, according to the S&P Global Ratings report.</p> <p>"With oil prices appearing to have hit bottom and now stabilized somewhat, we anticipate a leveling off of economic performance among the oil-producing state", S&P credit analyst Gabriel Petek said in the report. But "w</p> <p>The impact of Trump's energy stance on the commodity's trajectory remains unclear.</p> | | | |
| <p>Dow Tops 20000 <i>Milestone reached amid hopes for federal spending; Last 1,000 points come in just 42 days</i></p> | <p>The Dow Jones Industrial Average closed above 20000 for the first time Wednesday, fueled by a remarkable rally that began in 2009 as a bounce from the depths of the financial crisis, grew into a steady ascent and was then turbocharged by November's presidential election.</p> <p>...closing up 155.80 points, or 0.8%, at 20068.51. The S&P 500 and Nasdaq Composite also reached records Wednesday.</p> <p>The Dow took almost 103 years to reach 10000 in March 1999. Reaching 20000 required nearly 18 years more.</p> | The Wall Street Journal | 01/26/2017 | Aaron Kuriloff, Corrie Driebusch and Akane Otani |
| <p>For Investors, Time for Caution, Not Euphoria</p> | <p>After the Dow hit 10000 back in early 1999, it see-sawed above and below that milestone 33 times until it finally clambered back above 10000 for good on August 27, 2010, says Howard Silverblatt, senior analyst at S&P Dow Jones Indices.</p> <p>...The Dow peaked at more than 14000 in July 2007.</p> <p>But to get from 10000 in 1999 back to the same level in 2010, you had to survive the fall to 6547.05 in March 2009. In a little over a year and a half, the Dow fell by more than half.</p> <p>And that was after it fell 38% from January 2000 through October 2002.</p> <p>Think of 1966-82, when stocks went nowhere. Then came 1982 to early 2000, one of the greatest bull markets on record.</p> <p>But the market has always napped its future trajectory in invisible ink. The clarity of past cycles is an illusion, a luxury of hindsight.</p> <p>With dividend yields about 2.5% for the Dow and 2% for the S&P, not far from historic lows, and stocks trading at almost 29 times inflation-adjusted multiyear profits, or well above their long-term average of about 16, it seems prudent to expect tepid – maybe even putrid – returns for years to come.</p> <p>Reaching a national milestone like 20000 isn't some magical sell signal or an indication that the Dow is doomed to drift or go down from here.</p> <p>But the index's own history should remind us all that the good times don't roll forever. So, Dow 20000 should make you cautious, not euphoric.</p> | The Wall Street Journal | 01/26/2017 | Jason Zweig |
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| The Promise of Dow 20000 | <p>Stock prices are a bottom a bet on future earnings, so investors are clearly anticipating that the U.S. economy will break free of its Obama 2% growth blues. Investors seem encouraged this week by President Trump's early moves, ...</p> <p>The withdrawal from Pacific trade was baked into prices, but the breakthroughs on pipelines and deregulation are perhaps coming faster than expected. Dow 20000 is a promise of growth to come, not a guarantee.</p> | The Wall Street Journal | 01/26/2017 | |
| Emerging Markets Hustle to Sell Debt Countries uneasy over outlook of higher U.S. rates and the fallout of Trump policies. | <p>Emerging-market governments are selling debt at close to a record pace this month, concerned about the prospect of rising U.S. interest rates and that President Donald Trump's policies could bring uncertainty to the developing world.</p> <p>...if the U.S. currency keeps rallying. That makes it more expensive for governments to pay back obligations.</p> <p>With so many large bond deals hitting the market nearly at once, buyers have been able to command yields that pay a premium to a country's existing debt, investors said.</p> | The Wall Street Journal | 01/26/2017 | Julie Wernau and Taos Turner |
| Nafta Brings Mixed Fortunes to U.S. | <p>For all of the debate sparked by the North American Free Trade Agreement, most economists say its concrete impact on the U.S. economy has been modest – a small gain in growth and efficiency, and a small loss in jobs and lower wages for certain factory workers.</p> <p>Mr. Trump is correct that Nafta has coincided with a big shift in U.S. trade terms with its southern neighbor, swinging from a trade surplus of \$1.7 billion in 1993, the year before Nafta took effect, to a deficit of \$61 billion last year, though on a far greater value of bilateral trade overall.</p> | The Wall Street Journal | 01/27/2017 | Jacob M. Schlesinger, Andrew Tangel and Valerie Bauerlein |
| What's News | ◆ The U.S. ended 2016 with about 2% growth, the lack-luster trend that has prevailed through the current expansion and which Trump has pledged to double. | The Wall Street Journal | 01/28-29/2017 | |
| What's News | ◆ The Dow slipped 7.13 points to 20093.78 but still posted its best week since early December. | The Wall Street Journal | 01/28-29/2017 | |
| European Investors Bet On Economic Revival | <p>Investors are gaining faith that the long-sluggish European economy is finally on an upswing.</p> <p>Yields on German 10-year government bonds rose to 0.49%...</p> <p>The selloff in the German bond market, seen as a bell-wether for Europe, is particularly notable. Investors tend to sell bonds when the economy is stronger, as inflation eats into returns on fixed-income investments. As bond prices fall, yields rise.</p> | The Wall Street Journal | 01/27/2017 | Riva Gold |
| Earnings Torrent, Fed, Jobs To Test Stock Market Rally | <p>Earnings reports this week from more than 100 of America's biggest companies – combined with signals about the health of the broader economy from the Fed and monthly jobs data – will help determine whether U.S. stock markets can sustain recent gains that pushed them into record territory.</p> <p>Some of the most prominent names in the S&P 500, including tech giants Facebook Inc. and Apple Inc., are scheduled to report quarterly results.</p> | The Wall Street Journal | 01/30/2017 | Corrie Driebusch and Theo Francis |

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| A Surprise Boost for Emerging Markets | <p>Developing-markets stocks fell in 2011, 2013, 2014 and 2015, but they were rebounding strongly in 2016 before they ran headlong into the election surprise. From November 9 through November 18, the S&P 500 climbed 2.0%, and the emerging-markets index dropped 6.4%.</p> <p>...returns and prices are through November 30.</p> <p>Several months ago, in the July issue, I wrote a column arguing that investors don't need to invest in foreign stocks. My point was that economies in too many parts of the world – especially developed Europe and Japan – were stagnant and that you could get sufficient exposure to the world by owning well-run U.S. companies with strong sales abroad. In general, I haven't changed my opinion, but I do believe that emerging markets currently present a special opportunity.</p> <p>Emerging markets were white-hot from 2003 to 2007...</p> <p>In 2008, emerging-markets stocks plunged a sickening 53%, but within the next two years, the index rebounded and erased the losses. Since the start of 2011, however, emerging-markets stocks have cumulatively lost money.</p> <p>The downturn in recent years undoubtedly has its roots in China, which represents roughly one-fourth of the market cap of the MSCI index.</p> <p>As with many of Trump's campaign promises, his pledge to impose huge tariffs on Chinese goods may be revised...</p> <p>Still, it is hard to believe that trade with America's largest partner will grind to a halt.</p> <p>The irony, however, is that Trump's election has provided emerging markets with an unexpected benefit.</p> <p>...a rise in U.S. interest rates...</p> <p>My guess is that Trump and his team will huff and puff, but they won't do anything that will have much impact on international trade overall. I also believe that emerging markets may offer a refuge from U.S. stocks in what may be a difficult time.</p> <p>In sum, emerging markets seem to be moving out of their bear cycle, concerns about a trade war may be overblown, and developing markets could provide a hedge against U.S. fiscal recklessness. Plus, emerging-markets stocks are cheap relative to U.S. stocks.</p> | Kiplinger's Personal Finance | 01/31/2017 | James K. Glassman |
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"I want my children to have all of the things I couldn't afford. Then I want to move in with them." Phyllis Diller

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