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| **RESOURCE LOG – March 2019** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Dow, S&P Post Best Starts in 3 Decades | The Dow Jones Industrial Average and S&P 500 closed out February with their best two-month start to a year in roughly three decades, despite ending the month with three sessions of slight declines.  All three major U.S. stock averages have rallied in 2019 – aided by a more patient Federal Reserve, thawing U.S.-China trade tensions and better-than-expected corporate earnings – after last year suffering their worst annual declines since the financial crisis.  The Dow industrials and S&P 500 are both up 11% in 2019, their best starts since 1987 and 1991, respectively, according to Dow Jones Market Data. | The Wall Street Journal | 03/01/2019 | Jessica Menton and David Hodarai |
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| Review & Outlook  Thank you, Tax Reform | Growth in the fourth quarter came in higher than expected at 2.6% after a December financial-market scare, and the internals were better than the top line.  The best news was business investment, which contributed 0.69-percentage points to GDP growth.  Donald Trump’s tariff policies continue to be a risk to investment and growth, and the Federal Reserve is a wild card. But the evidence of the last two years is that deregulation and tax reform spurred private capital investment exactly when a long-in-the-tooth expansion needed it to avoid recession. | The Wall Street Journal | 03/01/2019 |  |
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| Solid Growth Caps a Robust Year | The U.S. economy completed one of the best years of a nearly decade-long expansion, growing at a more modest pace in the fourth quarter in the face of slow-downs elsewhere in the world, turbulent financial markets, trade disputes with China and a partial government shutdown.  Consumer spending was robust because of a strong job market, tax cuts and house-hold-income gains…  Gross domestic product, a broad measure of the goods and services produced across the U.S. economy, expanded at a 2.6% annual rate in October through December…  That followed a 3.4% rate in the third quarter and a 4.2% rate in the second… | The Wall Street Journal | 03/01/2019 | Harriet Torry |
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| 3,045 Days of Job Growth  *The forces and fault lines underlying the booming labor market* | The job market doesn’t get much better than this. The U.S. economy has added jobs for 100 consecutive months. Unemployment recently touched its lowest level in 49 years.  “If you can hold unemployment as a low level for a long time there are substantial benefits,” Janet Yellen, the former chairwoman of the Federal Reserve, said in an interview. “Real wage growth will be faster in a tight labor market. So disadvantaged workers gain on the employment and the wage side, and to my mind, that’s clearly a good thing.”  Two risks loom. The first is that the low-skill workers who benefit most from a high-pressure job market are often hit hardest when the job market turns south.  The second risk is that this opportune moment in a long business cycle might be masking long-running trends that still disadvantage many workers. A long line of academic research shows that automation and competition from overseas threaten the work of manufacturing workers and others in mid-skill jobs, such as clerical work… | The Wall Street Journal | 03/02-03-2019 | Eric Morath and Lauren Weber |
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| Investors Pull Back Inflation Bets  *Muted price increases underscore fears over economic growth even in a tight labor market* | Bets on a pickup in inflation are falling out of favor, underscoring investors’ skepticism that the U.S. economy will be able to turn stronger after a soft start to the year.  The growth outlook has dimmed over the past year as measures of manufacturing activity, consumer spending and business confidence have waned. The cool-down in the economy helped keep inflation from running past the Federal Reserve’s 2% target for a seventh straight year in 2018.  The spread between yields on two- and 10-year U.S. Treasurys has compressed over the past few years, suggesting investors have become less optimistic about growth and inflation. | The Wall Street Journal | 03/04/2019 | Akane Otani |
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| China, U.S. Near Accord On Trade  *Beijing offers to lower tariffs on a range of goods, as Washington weighs lifting sanctions* | China and the U.S. are in the final stage of completing a trade deal, with Beijing offering to lower tariffs and other restrictions on U.S. farm, chemical and auto products and Washington considering removing most, if not all, sanctions levied against Chinese products since last year.  The cautioned that hurdles remain, and each side faces possible resistance at home that the t erms are too favorable to the other side.  Despite the remaining hurdles, the talks have progressed to the extent that a formal agreement could be reached at a summit between President Trump and President Xi Jinping of China, probably around March 27 in Florida… | The Wall Street Journal | 03/04/2019 | Lingling Wei and Bob Davis |
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| What’s News | ♦ Renewed jitters over slowing global growth and impatience on a U.S.-China trade pact sent U.S. stocks to their worst day in nearly a month. The Dow fell 206.67 points, or 0.8%, to 25819.65. | The Wall Street Journal | 03/05/2019 |  |
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| Investors Pile Into Emerging – Market Assets | Yield-hungry investors are pouring money into emerging markets at the fastest clip in a year, highlighting how many have regained their taste for risk just months after selling buffeted global indexes.  Fueled by a cautious shift from the world’s central banks and easing fears over global trade, portfolio managers are snapping up everything from Chinese equities to the Chilean peso in a world-wide hunt for yield.  The rush into the boom-and-bust asset class is the latest example of how investor tolerance for risk has shifted since the closing weeks of 2018…  Many of this year’s best emerging-market performers were hard-hit by market routs in 2018. | The Wall Street Journal | 03/06/2019 | Ira Iosebashvili, Asjylyn Loder and Julie Wernau |
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| What’s News | ♦ The U.S. trade deficit in goods expanded 10% last year to a record $891.3 billion, despite Trump’s efforts to narrow the gap. | The Wall Street Journal | 03/07/2019 |  |
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| New Growth Worries Sink Stocks | U.S. stocks slid after the European Central Bank unveiled plans to deploy additional stimulus, raising fresh worries about the health of the global economy.  While those moves showed the ECB was willing to take aggressive steps to try to stimulate growth, it also highlighted the extent to which the global economic outlook has dimmed over the past year, some analysts said.  The Dow Jones Industrial Average shed 2000.23 points, or 0.8%, to 25473.23, posting its fourth straight daily decline. The S&P 500 fell 22.52 points, or 0.8%, to 27448.93…  Meanwhile, European stocks suffered their biggest one-day slide in a month… | The Wall Street Journal | 03/08/2019 | Akane Otani and David Hodari |
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| Why the Bull Has Room to Run  *Euphoria kills economic expansioins. The mood on the street now Is best described as skepticism.* | The bull market started March 9, 2009, 10 years ago Saturday. The S&P 500 had dropped to a close of 676 in the midst of the financial crisis, 2,082 points or 75% lower than its current 2,748 level.  … what remains is a cynicism, likely the result of two 50% declines in the broader market from 2000-02 and 2008-09. Institutional and individual investors believe the bull market has been little more than an elaborate magic trick that will be revealed, in the end, to be ephemeral.  The good news for the contrarian investor is that this level of skepticism might mean that the bull market will last longer than anyone things possible. As legendary investor John Templeton said, “Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.”  There is no shortage of things to worry about. But the biggest threats to the American economy are starting to fade, little by little.  With the S&P 500 off to its best start since 1991, it is reasonable to expect a pause in the upward trajectory of stocks. But with the market trading at 16.5 times 2019 earnings expectations and 10-year Treasury notes yielding 2.6%, the actual risk-reward profile of the market is favorable.  The biggest risk to the long-term health of the economy and the market today is the desire of policy makers from both parties to allocate capital. | The Wall Street Journal | 03/08/2019 | Jason DeSena Trennert |
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| Slow Growth Prods Central Banks  *Europeans reverse course with stimulus plans, as Fed signals bias against rate rise* | Concern over sluggish global growth is causing central bankers to shift tacks, as the European Central Bank unveiled surprise plans Thursday to stimulate the Continent’s flagging economy and Federal Reserve officials signaled their growing reluctance to raise U.S. interest rates at all.  The U.S economic outlook “appears to have softened against a backdrop of greater downside risks,” said Fed governor Lael Brainard on Thursday. “Prudence counsels a period of watchful waiting.” | The Wall Street Journal | 03/08/2019 | Nick Timiraos, Tom Fairless and Brian Blackstone |
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| Bull Market Year-by-Year | The bull market for the S&P 500 reached 10 years in length as of the close of trading last Friday 03/08/19, having gained +400.1% over the period. The 2 best years (out of the 10 years) for the S&P 500 were the 1st year (up +72.3%) and the 5th year (up +23.7%). The 2 worst years (out of the 10 years) were in the 7th year (down 2.2%) and the just finished 10th year (up +0.4%). | By the Numbers | 03/11/2019 |  |
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| Coming Soon? | 10% of 281 economists surveyed in February 2019 believe the United States will be in a recession by 12/31/19. 42% of the group believe a recession will have started by 12/31/20 (source: National Association for Business Economics). | By the Numbers | 03/11/2019 |  |
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| Making Things | The 12.8 million manufacturing jobs in the United States as of February 2019 is the nation’s largest total since December 2008 (source: Department of Labor). | By the Numbers | 03/11/2019 |  |
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| Us and Them | The Chinese economy grew by +6.6% in 2018, its lowest growth rate since 1990. The US economy grew y +2.9% in 2018, its best growth rate since 2005 (source: National Bureau of Statistics of China, Commerce Department). | By the Numbers | 03/11/2019 |  |
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| Riskier Shares Are Paying Off, for Now | Investors are snapping up shares of companies with weak earnings, a sign many have shaken off last year’s jitters and are ready to re-embrace riskier stocks in pursuit of out-size gains.  Through the first two months of 2019, shares of companies with low earnings stability over the past 10 years have climbed more than those with steadier profits, according to data compiled by Bank of America Merrill Lynch. Top performers include communications, energy and utility stocks, such as video-streaming service Netflix Inc. and oil-and-gas producer Hess Corp., and many of them have more than doubled in value since Jan. 1 to push major stock indexes within striking distance of their records.  Investors’ willingness to plow into riskier stocks with less stable earnings recovered after the Federal Reserve’s recent pause on raising interest rates and growing optimism about U.S. China trade negotiations, analysts said. Many lower-quality stocks were also the most beaten up during the fourth-quarter selloff, making their re-emergence as the stock market’s leader less surprising, several analysts said.  Lower-quality stocks tend to reside in the communications sector, S&P’s revamp of the old telecommunications group that includes a mix of high-growth internet stocks, media companies and telecom firms, said Jill Carey Hall, a Bank of America analyst.  But some investors are now watching for signs of cracks in the rally. Renewed concerns about whether the U.S. and China can resolve their trade dispute surfaced last week, as did doubts about the health of major economies. That pulled down the S&P 500, which had its biggest weekly drop of the year last week. | The Wall Street Journal | 03/11/2019 | Michael Wursthorn |
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| Tech Stocks Bolster Global Markets | Booming profits are driving a fresh rally in technology shares from New York to Hong Kong, helping boost stock markets and showing the allure of rapidly growing companies even as the global growth outlook dims.  Companies including Facebook Inc., Netflix Inc., Alibaba Group Holding Ltd. And Rakuten Inc. have risen more than 25% this year, well outpacing the gains o the stock indexes on which they are listed. The advance is a marked turnaround from the final months of 2018, when tumbling technology shares wiped out trillions of dollars from the global stock market.  Fund managers have credited some of the advance to the group’s record of generating robust and, in many cases, record profits as broader earnings growth has cooled. Earnings are a key driver of stock prices, making industries delivering high growth like technology an appealing bet for investors who are worried about slowing growth across the global economy. | The Wall Street Journal | 03/11/2019 | Akane Otani |
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| Economic Signs Fuel Rally in Treasurys | Investors are buying more newly issued U.S. government bonds at auctions, underscoring how signs of decelerating economic growth and the Federal Reserve’s caution toward further interest-rate increases have boosted demand for Treasurys.  Stocks and bonds have rebounded from their late-2018 slump following signals from Fed officials that the central bank intends to wait and see whether economic growth revives enough to resume interest-rate increases. | The Wall Street Journal | 03/12/2019 | Daniel Kruger |
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| May’s Brexit Deal Is Rejected  *Parliament votes down U.K. leader’s plan as March 29 deadline for leaving EU approaches* | British lawmakers rejected Prime Minister Theresa May’s Brexit divorce deal for a second time, making a delay in the U.K.’s scheduled March 29 departure from the European Union all but inevitable and intensifying political turmoil and business uncertainty. | The Wall Street Journal | 03/13/2019 | Max Colchester and Jason Douglas |
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| Small Stocks’ Slide Prompts Concern | It has been a rough start to March for shares of small companies.  The small-cap benchmark Russell 2000 index posted its worst week of 2019, falling nearly twice as much as the S&P 500.  The small-cap benchmark’s 2% drop last Wednesday was its worst one-day performance since December.  That worries some analysts, as smaller companies tend to derive more of their revenues domestically, and their swings often track investor confidence in the U.S. economy.  The Russell 2000 remains up 15% in 2019, following a 1.8% rebound on Monday, but if investors keep rushing out of smaller stocks, that could be a warning for the broader market, these analysts say.  One reason for the under-performance of smaller firms compared with their larger counterparts is that the fates of small-cap companies are closely intertwined with the U.S. economy and interest rates, as higher rates can pressure rising wages and borrowing costs. | The Wall Street Journal | 03/13/2019 | Corrie Driebusch |
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| S&P 500 Jumps to Four-Month High | U.S. stocks rose, propelling the S&P 500 to a four-month high after economic data showed fresh signs of stability in the manufacturing sector and muted inflation.  Renewed faith in U.S. economic growth and a patient approach by the Federal Reserve regarding interest-rate increases have powered this year’s stock rebound, pushing the S&P 500 up 12% for the year and within 4.1% of its September record.  The recent rally in technology and internet stocks with the S&P 500 information-technology sector bringing its rise to 3.4% this week with Wednesday’s climb-has also given investors confidence that stocks can keep advancing. | The Wall Street Journal | 03/14/2019 | Amrith Ramkumar and Avantika Chilkoti |
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| What’s News | ♦ U.S. stocks rose, propelling the S&P 500 to a four-month high, at 2810.92. The Dow gained 0.6%. | The Wall Street Journal | 03/14/2019 |  |
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| Oil Hits 2019 High, as Sanctions Dent Supply | U.S. oil prices rose to their highest level of the year Thursday, as U.S. sanctions on Venezuela and Iran begin to tighten their squeeze on global oil supplies.  West Texas Intermediate futures, the U.S. oil standard, ended 0.6% higher at $58.61 a barrel on the New York Mercantile Exchange.  Cruse prices have climbed to four-month highs for the past two sessions, helped largely by U.S. sanction on Venezuela and Iran that are making it difficult for those oil-rich countries to export any of their crude. | The Wall Street Journal | 03/15/2019 | Dan Molinski and Christopher Alessi |
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| Time to Scrap ‘Emerging Markets’? | As some developing economies have emerged, the investing category’s diversification benefits have faded. Investors should rethink their strategy.  During the 1990s, the stocks tracked by the MSCI EM beat and undershot the developed-market World Index by 40 or 50 percentage points in some years. When one country stumbled-a default by Russia, a currency crisis in Mexico or a run on Thai banks – those halfway around the world would see foreign investors flee for a while, too.  EM stocks still have experienced periods of outperformance and underperformance against their developed peers, but the differences have become less marked over time, raising the question of how much EM helps investors to diversify.  The inclusion of Chinese stocks and bond into emerging-market indexes poses an additional problem for EM as an asset class. In the equity market, China’s sheer size is intimidating. At a full weighting, Chinese companies will make up over 40% of the MSCI Emerging Markets Index. The other three members of the once-popular BRICs – Brazil, Russia and India – would make up about half as much combined. | The Wall Street Journal | 03/16-17/2019 | Mike Bird |
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| Factory Slowdown Raises Concern | U.S. manufacturing output declined for the second consecutive month in February, a fresh sign that a long-predicted slowdown is hitting the U.S. economy.  The U.S. is a services-oriented economy, meaning manufacturing accounts for a small share of gross domestic product. Still, the sector is highly sensitive to swings in global demand, making it an important indicator of broader economic shifts. With the latest decline, the Fed’s index of manufacturing activity fell to its lowest level since July. | The Wall Street Journal | 03/16-17/2019 | Sarah Chaney and Austen Hufford |
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| Stocks, Oil Head for Crossroads | Stocks and commodities are on the verge of rallying to highs that have eluded them during recent upswings…  The S&P 500 climbed to a five-month high last week…  Meanwhile, U.S. crude oil rose to its highest level since Nov. 12…  With the rallies, U.S. crude is approaching $60 a barrel and the S&P is just above 2800 – a level that marked the end of four previous stock rallies since the start of the fourth quarter. The S&P ‘s all-time high is 2930.75, reached Sept. 20, 2018.  Bond prices and gold often decline when stocks advance, a trend that has historically signaled faith in the economy.  Analysts say the strength in bonds and other haven assets reflects unease about the health of the global economy… | The Wall Street Journal | 03/18/2019 | Amrith Ramkumar |
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| Out-of-Fashion Style Retains Value | **The Decline of Value**  The most expensive stocks have performed far better than the rest since the start of 2007, breaking the historic pattern. Cheap ‘value’ stocks briefly outperformed in the October selloff, but it didn’t last.  A strategy of being long value stocks – defined as those with a low price-to-back ratio – and short expensive stocks has lost money for 12 years, with only the occasional brief respite.  Expensive stocks are almost always priced at a premium because of their growth potential… | The Wall Street Journal | 03/18/2019 | James Mackintosh |
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| Inside the Ten-Year Bull | If the 2,517 trading days from the 10-year bull market for the S&P 500 through Friday 03/08/19 are ranked from “best” to “worst”, the bottom 2,464 trading days (98% of all days) produce a zero-total return, while the top 53 trading days (just 2% of all days) create a +400% total return. The S&P 500 consists of 500 stocks chosen for market size, liquidity an industry group representation. It is a market value weighted index with each stock’s weight in the index proportionate to its market value (source: BTN Research). | By the Numbers | 03/18/2019 |  |
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| Bonds Fall On Signs Inflation Is in Check | The yield on the benchmark U.S. government 10-year Treasury note rose for a second consecutive session, settled at 2.614% from 2.605% Monday.  After a surge in market volatility and concerns that higher interest rates could hasten a recession, Fed officials in January stepped back from their own forecasts at their December meeting that they would raise interest rates two times in 2019 and emphasized that they would be more responsive to economic data, including financial conditions, in setting rates this year.  Fed officials have indicated that they see little reason to raise interest rates as long as inflation doesn’t present a threat to the economy. | The Wall Street Journal | 03/20/2019 | Daniel Kruger |
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| Treasury Yields Tumble After Fed Restraint | U.S. government bonds rallied Wednesday, sending the 10-year Treasury yield tumbling to its lowest level in more than a year, after the Federal Reserve signaled it was unlikely to raise interest rates at all in 2019.  The yield on the benchmark 10-year note – used as a reference for everything from auto loans to mortgages – settled at 2.537%, compared with 2.614% Tuesday. That marked its lowest close since Jan. 11, 2018.  Yields, which fall as bond prices rise, have generally drifted lower this year as investors have grown increasingly convinced that the Fed would hold rates steady while monitoring a slowdown in global growth.  While the U.S. economy has remained resilient, the outlook has dimmed significantly elsewhere around the world…  Others believe that the strength of the U.S. economy compared with its counterparts around the world could keep bond yields from falling much further. | The Wall Street Journal | 03/21/2019 | Akane Otani |
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| Growth Fears to Keep Fed on Hold  *Officials project no rate rises this year; 10-year Treasury yield declines to a 14-month low* | Federal Reserve officials indicated Wednesday they are unlikely to raise interest rates this year and may be nearly finished with the series of increases they began more than three years ago now that U.S economic growth is slowing.  The Fed left its policy rate unchanged in a range between 2.25% and 2.5%.  “It may be some time before the outlook for jobs and inflation calls clearly for a change in [interest rate] policy,” Mr. Powell said at a news conference after the central bank’s two-day meeting.  Mr. Powell cited mild inflation pressures, a sharp pull-back in financial risk-taking and clear threats to U.S. growth in explaining the Fed’s new wait-and-see stance after its meeting in late January. | The Wall Street Journal | 03/21/2019 | Nick Timiraos |
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| What’s News | ♦ Shares of tech companies led major U.S. stock indexes higher. The Dow, S&P 500 and Nasdaq rose 0.8%, 1.1% and 1.4%, respectively. | The Wall Street Journal | 03.22/2019 |  |
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| What’s News | ♦ EU leasers allowed May to postpone the Brexit deadline, but said the U.K. could still crash out of the bloc unless Britain’s political impasse was broken. | The Wall Street Journal | 03/22/2019 |  |
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|  | **DJIA** 25962.51 ▲216.84 0.8%  **NASDAQ** 7838.96 ▲1.4% | The Wall Street Journal | 03/22/2019 |  |
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| Emerging Markets’ Feedback Loop | Developing economies are looking impressively resilient, especially considering worries about a China-led global slowdown. Earnings expectations have stabilized and investors seem to have decided that the sharp selloff in emerging-market assets last summer had more to do with isolated problems in Turkey and Argentina than broader concerns.  The problem is that investors’ confidence could be creating a deceptive sense of calm. This will suddenly reverse if the dollar appreciates or cash flows out. | The Wall Street Journal | 03/22/2019 |  |
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| Yield curve sparks recession fears | Markets plunged Friday when a closely watched economic measure warned that sluggish global growth could up the United States toward recession.  Stocks posted their worst day since Jan. 3 after the 10-year Treasury yield fell below the 3-year yield, a so-called inverted yield curve.  “It is freaking the stock market because an inverted yield curve has a history of predicting recessions,” said Ed Yardeni of Yardeni Research. “However, it is just one of the 10 components of the index of Leading Economic Indicators, which remains on an uptrend.”  When the 10-year yield is lower than the 3-year yield, it tends to signal that people are locking up money longer term because they fear a slowdown in business profits and its accompanying decline in stock prices. | Daily Herald | 03/23/2019 | Thomas Heath |
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| What’s News | ♦ The U..S. budget-gap widened 39% in the fiscal year’s first five months as tax revenues held steady and federal spending increased. | The Wall Street Journal | 03/23-24/2019 |  |
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| Markets Shudder as Growth Worries Swell | Global stocks and bond yields slid Friday as investors’ anxiety mounted about the health of the world economy.  Major stock indexes have rallied this year despite a slowdown in global growth, in part because central banks have signaled that, for the foreseeable future, they will back off plans to normalize monetary policy.  But signs that momentum continues to cool across major economies have challenged investors, raising questions about whether a soft patch of data could mark the start of a more persistent downturn.  A report Friday showed factory output in the eurozone fell in March at the fastest pace in nearly six years, while a gauge of U.S. manufacturing activity slipped to its lowest level in nearly two years. | The Wall Street Journal | 03/23-24/2019 | Akane Otani and Georgi Kantchev |
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| U.S. existing Home Sales Jump by 11.8% | Existing home sales rose 11.8% in February from the prior month to a seasonally adjusted annual rate of 5.51 million…  That was the second-strongest monthly gain in home sales ever.  Among other factors, a strong labor market and wage growth are helping to underpin the housing market…  Last year was the weakest for home sales since 2015. | The Wall Street Journal | 03/23-24/2019 | Laura Kusisto |
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| Investors Seeking Havens Push Up Gold Price | Gold prices rose Friday, as signs of global economic weakness pushed investors into haven assets.  Gold for April delivery, the most-active contract, rose 0.4% to $1,312.30 a troy ounce on the Comex division of the New York Mercantile Exchange. | The Wall Street Journal | 03/23-24/2019 | Ira Iosebashvili |
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| Germany’s Bond Yields Go Negative | It isn’t just the U.S. bond market that is making investors nervous.  In Germany, the yield on the country’s 10-year bonds turned negative on Friday for the first time since 2016.  Disappointing data from purchasing managers indexes, especially in Germany and France, exacerbated worries about the health of the region’s economy and possible knock-on effects in the U.S.  The yield on the debt, called bunds, touched minus 0.03%, Germany’s export-driven economy is Europe’s powerhouse, but it is vulnerable to the global growth outlook.  Investors are left confronted with a conundrum, according to James Athey, senior investment manager at Aberdeen Standard Investments. Either accept a definite small loss from a negative yield, or take risks that could lead to bigger losses. | The Wall Street Journal | 03/23-24/2019 | Paul J. Davies |
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| Stock Rally Trips on Fears of Global Growth | Fourth-quarter gross domestic product readings from the U.S., U.K., France and Canada could enlighten the debate over whether the global economy is in the midst of a temporary dip or headed toward a more serious downturn.  Economists at JPMorgan Chase expect a revised GDP estimate of 1.8%, well below the 2.6% growth estimate released by the Bureau of Economic Analysis a month earlier.  A considerably lower U.S. GDP estimate would suggest that the world’s largest economy is more vulnerable than previously thought… | The Wall Street Journal | 03/25/2019 | Akane Otani and Joe Wallace |
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| Illinois Eyes Ending Its Flat Tax | Moody’s Investors Service and S&P rate the state’s debt just one notch above junk status, and Illinois has the worst credit rating of any state at both ratings firms, as well as at Fitch.  A state commission tallied the state’s unfunded pension liabilities at $133.7 billion at the end of June.  One risk is that increased taxes could cause more people to leave Illinois. The state’s population has dropped by roughly 157,000 since 2013, even as other Midwestern states have grown. | The Wall Street Journal | 03/25/2019 | Erin Ailworth |
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| Yield Gap Isn’t a Recession Guarantee | The market’s most reliable recession indicator is finally flashing red. With the Treasury yield curve inverting on Friday – the 10-year yield fell sharply to be lower than the three-month for the first time since 2007 – is it finally time to prepare for an economic downturn?  It is true that the yield curve is the best forecasting tool for recessions, having inverted before each of the last seven recessions as measured by the National Bureau of Economic Research.  But the idea that the gap between short- and long-dated Treasury yields is a rock-solid predictor you can use for your portfolio positioning is mistaken in several ways.  Indeed, the two times that yield curves inverted on most measures without recession were in 1998 and 1965-66, both times when the Fed slashed rates and the economy continued to grow. | The Wall Street Journal | 03/25/2019 | James Mackintosh |
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| Treasurys Continue To March Higher | U.S. government-bond prices rose anew Monday, pushing the yield on the 10-year Treasury note to a nearly 15-month low, amid continued concerns about the outlook for global economic growth.  The yield on the benchmark 10-year U.S. Treasury note settled at 2.418%, its lowest close since December 2017… | The Wall Street Journal | 03/26/2019 | Sam Goldfarb |
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| Stocks Show Signs of Steadying | The Dow Jones Industrial Average inched higher, showing signs of stabilizing after a bruising end-of-week selloff.  Investors and analysts have been struggling to discern whether a recent streak of disappointing economic date signal the start of a deeper downturn or a temporary cooling of momentum.  The Dow industrials rose 14.51 points, or less than 0.1%, to 25516.83 after posting their biggest one-day slide since the start of the year on Friday. The S&P 500 lost 2.35 points, or 0.1%, to 2798.36, and the Nasdaq Composite declined 5.13 points, or 0.1%, to 7637.54 | The Wall Street Journal | 03/26/2019 | Georgi Kantchev and Akane Otani |
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| Bond Yields Fall Across the Globe  *ECB hints at further delays in rate increases, signaling economic weakness* | Government-bond yields from the U.S. to Germany slid, as signs that the European Central Bank could consider additional delays in interest-rate increases spurred a fresh round of bond buying.  The yield on the benchmark 10-year U.S. Treasury note, used as a reference for everything from mortgage rates to student debt, fell to 2.374% - its lowest level since December 2017 – after settling at 2.418%.  The yield on German 10-year government debt dropped to negative 0.078%, deepening a slide that recently took it into negative territory for the first time since 2016, while the yield on equivalent Japanese debt ended the day around its lowest level in more than two years.  The moves have in large part been spurred by signs of slowing economic growth, particularly in the eurozone and China.  But in the U.S., where growth remains relatively steady, the Federal Reserve’s argument for potentially delaying rate increases until next year has been strengthened by signs that inflationary pressures remain muted.  Inflation is considered a major threat to bonds, since it chips away at the value of their fixed payouts and can push central banks to step up efforts to raise borrowing costs. | The Wall Street Journal | 03/28/2019 | Akane Otani |
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| Illinois, Chicago Seek Billions From Investors | Illinois and its biggest city kick off hundreds of millions of dollars in borrowings this week, a test of investors’ willingness to lend to stressed governments prone to spending more money than they bring in.  Before buying bonds from the nation’s lowest rated state and its biggest city, investors have to assess their continuing mismatches between expenses and revenues along with pension burdens, which are slated to eat up a growing share of both budgets in coming years.  Illinois’s rating sits just above junk level. | The Wall Street Journal | 03/28/2019 | Gunjan Banerji |
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| Third No On Brexit Puts U.K. In Limbo  *Parliament’s rejection of Theresa May’s exit plan pushes Britain toward tough choices* | With Friday’s rejection of the deal Mrs. May negotiated with the EU for Britain’s orderly departure, Brexit outcomes that once seemed radical become more likely. These include another referendum to revoke the exit altogether, a general election or a sudden breakaway from the EU. | The Wall Street Journal | 03/30-31/2019 | Max Colchester and Jason Douglas |
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| Stocks Surge to Cap Banner First Quarter | U.S. stocks notched their biggest quarterly gains in nearly a decade, lifted by bets that central banks would hold interest rates at low levels as global growth slows.  Major indexes have now recouped almost all of the losses they suffered in the final months of 2018, when fears about an economic downturn sent markets around the world sliding.  Many believe the U.S. economy continues to be a relative bright spot around the world. | The Wall Street Journal | 03/30-31/2019 | Akane Otani |
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| Bonds Rally On Mild Sign Of Inflation | Rallying government bonds posted another quarter of gains after fresh data showed inflation firmed less than economists had expected at t he stat of the year.  The combination of a dovish Fed and Tame inflation has helped U.S. government bond prices rise throughout the year.  The yield on the benchmark 10-year Treasury, used as a reference for everything from mortgages to student debt, settled Friday at 2.416%, well below 2.684%... | The Wall Street Journal | 03/30-31/2019 | Akane Otani and Daniel Kruger |
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| Oil Tops $60 to Cap Strong Quarter | U.S. oil prices rose to surpass $60 a barrel Friday, posting their biggest quarterly gain since 2009 as global supplies tightened and investor risk appetite ramped up. | The Wall Street Journal | 03/30-31/2019 | Dan Molinski |

According to the IMF, inflation in Venezuela could exceed one million percent by the end of the year. In March, the Venezuelan president ordered that three zeroes be knocked off the denominations of the bolivar, the country’s currency. *-Time, July 24, 2018.*

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