

RESOURCE LOG – May 2017

Article Title	Detail	Publication	Date	Author
Why Stocks and Bonds Are Both Rallying: The Goldilocks Jobs Market	<p>The tepid expansion that has fueled solid 2017 rallies in both stocks and bonds will be on display again with Friday's jobs report. The Federal Reserve is widely expected to extend its tightening cycle in June, but many investors fear momentum is slowing. Wages have ticked up... Broad employment gauges have improved markedly... The mixed share performance of outplacement and temporary-employment firms highlights tough competition.</p>	The Wall Street Journal	05/01/2017	Lev Borodovsky
Investors Return to European Markets	<p>They are already flocking back, betting that the region has finally unshackled itself from fears of political turmoil.</p> <p>Local stock markets just had their best week this year following the first round of the French presidential vote... the euro climbed 1.6% against the dollar in its best week since July.</p> <p>In dollar terms, the Euro Stoxx 50 index is up almost 12% this year, nearly double the S&P 500's gains.</p> <p>European equity funds recorded their strongest inflows since December 2015...</p> <p>Instead of politics, investors are focusing on economics and earnings.</p> <p>First-quarter earnings in the Stoxx Europe 600 are expected to increase 5.5% from the first quarter of 2016, according to Thomson Reuters data.</p>	The Wall Street Journal	05/01/2017	Riva Gold and Georgi Kantchev
Revived Sales Abroad Help Push Up U.S. Profits <i>Thanks to Europe and Asia, large company earnings are growing at best pace since 20011</i>	<p>Profits for companies in the Standard & Poor's 500 – a crucial U.S. stock index – are growing at a nearly 14% clip in the first three months of the year, the most robust quarterly pace since late 2011, according to earnings-tracker Thomson Reuters.</p> <p>Stronger foreign demand for goods made by U.S. companies is a key reason why large American firms that do a lot of business abroad are thriving – and the S&P 500 is within 0.3% of its March 1 record high.</p> <p>Global reach pays off. Big U.S. companies are less dependent on America's economy than investors might think. Nearly half (44.4%) of sales of S&P 500 companies come from overseas, according to S&P Dow Jones Indices.</p> <p>Economic activity in Europe has been bolstered by the stimulus policies of the European Central Bank. Historically low rates have pushed borrowing costs sharply lower, which has spurred investment, lending and spending. Many Asian economies have gotten a boost from the sharp rebound in oil and other commodities, creating much-needed capital to buy U.S. products as business conditions improve.</p>	USA Today	05/03/2017	Adam Shell
NAFTA Scorecard <i>Who gained, who was pained</i>	<p>As President Trump seeks to renegotiate the North American Free Trade Agreement with Canada and Mexico, supporters and critics paint entirely different pictures of the 1994 accord.</p>	USA Today	05/04/2017	Roger Yu

	<p>Backers see a shining example of prosperity that sent trade among the nations soaring from \$290 billion in 1993 to more than \$1.1 trillion in 2016, according to Council on Foreign Relations estimates.</p> <p>Opponents, who include Trump, see a dark cloud of shuttered factories in Rust Belt states...</p> <p>The true impact of NAFTA probably is somewhere in the middle.</p> <p>On balance, the Congressional Research Service concluded NAFTA's overall impact on the U.S. economy has been "relatively modest" because trade with Canada and Mexico accounts for less than 5% of U.S. GDP.</p>			
Average CD Yields <i>As of Wednesday</i>	<p>6-month: This Week 0.21%; Last Week 0.21%; Year Ago 0.17%</p> <p>1-year: This Week 0.34%; Last Week 0.34%; Year Ago 0.28%</p> <p>2 ½ -year: This Week 0.54%; Last Week 0.54%; Year Ago 0.46%</p> <p>5-year: This Week 0.89%; Last Week 0.90%; Year Ago 0.83%</p>	USA Today	05/04/2017	
Risk Curbs Rattle Chinese Markets	<p>A wave of regulations aimed at cutting risk in China's financial system is rippling through the country's markets and sending banks and companies scrambling for funds.</p> <p>During the past month, Chinese shares have fallen nearly 5%, draining almost half of trillion dollars out of the country's markets. Bond yields have shot up to their highest levels in two years, and bond defaults hover at record levels. The uncertainty has also weighed on metals and commodity prices, already hurt by doubts around China's growth momentum.</p> <p>Investors blame the volatility on a host of measures Chinese authorities have rolled out to curb runaway debt levels...</p>	The Wall Street Journal	05/05/2017	Lingling Wei and Chao Deng
An ominous economic sign	<p>An economy is like an engine: Both need fuel to accelerate. An engine needs gasoline, while an economy needs credit.</p> <p>But the Federal Reserve is reporting a rapid deceleration in the growth of bank loans, a principal source of credit, and thereby fuel for the economy.</p>	USA Today	05/05/2017	John Maxfield
What's News	<p>◆ Hiring increased in April and the unemployment rate fell to its lowest in a decade, signs the economy is rebounding after a slow winter.</p>	The Wall Street Journal	05/06- 07/2017	
What's News	<p>◆ The largest U.S. companies are posting their strongest quarterly profits in five years as they reap the benefits of belt-tightening.</p>	The Wall Street Journal	05/06- 07/2017	
What's News	<p>◆ Solid corporate earnings and a healthy jobs report lifted the S&P 500 and Nasdaq to fresh records.</p>	The Wall Street Journal	05/06- 07/2017	
China Jitters Roil Commodities <i>Softening demand for construction materials is again a big concern pushing down prices</i>	<p>A global commodities slump deepened Friday before prices stabilized later in the day, but oil and iron-ore prices continued to plummet over growing concerns about excess supply and weakening Chinese demand.</p>	The Wall Street Journal	05/06- 07/2017	Jenny W. Hsu and Yifan Xie

	<p>The price of iron-ore futures, considered an indicator of demand for the key steel-making ingredient, dropped 7.5% Friday on China's Dalian Commodity Exchange. That followed an 8% tumble to the trading limit the previous day.</p> <p>The fall in oil prices this past week took crude to its lowest intraday level since November...</p>			
Business Hails Election Outcome	<p>The victory of Emmanuel Macron is a relief to French business executives...</p> <p>Mr. Macron believes the country should embrace the European Union and not fear globalization, vowing unpopular overhauls of labor laws to make France more competitive.</p>	The Wall Street Journal	05/08/2017	Nick Kostov
Investors Shift Money Into European Stocks	<p>Investors are moving billions of dollars into Europe and developing economies, making a fresh wager that growth potential in those regions is starting to look more promising than in the long-favored U.S.</p> <p>Europe has been reporting improving economic data for months. But centrist Emmanuel Macron's victory over far-right candidate Marine Le Pen in Sunday's French presidential election lifted an overhang on European markets. The development could clear the way for more capital and give European stocks another boost, investors say.</p>	The Wall Street Journal	05/10/2017	Ira Iosebashvili and Carolyn Cui
Oil Prices Continue to Sink	<p>Crude prices slid, with a slate of factors including a rising dollar and skepticism about OPEC's influence continuing to batter oil.</p> <p>Prices are down more than 14% year to date.</p> <p>Oil markets have been prone to selloffs this spring largely because U.S. stockpiles haven't fallen sharply as many expected.</p>	The Wall Street Journal	05/10/2017	Timothy Puko
S&P 500 Falls 0.3% for the Week <i>Brick-and-mortar retailers weigh down the index following downbeat results</i>	<p>Investors sold shares of brick-and-mortar retailers, pressuring U.S. stocks and contributing to the S&P 500's first weekly decline in a month.</p> <p>Disappointing retail earnings abounded during the week...</p> <p>The S&P 500 dropped 3.54 points, or 0.1%, to 2390.90 on Friday...</p> <p>The Dow Jones Industrial Average fell 22.81 points, or 0.1%, to 20896.61 Friday, while the Nasdaq Composite ticked up 5.27 points, or 0.1%, to 6121.23.</p> <p>Treasury yields and the dollar edged lower Friday, after a closely watched measure of underlying U.S. inflation came in soft.</p>	The Wall Street Journal	05/13-14/2017	Corrie Driebusch and Riva Gold
What's News	<p>◆ Tech shares propelled the Nasdaq to another record close. The Dow eased 2.19 points to 20979.75.</p>	The Wall Street Journal	05/17/2017	
What's News	<p>◆ China's central bank pumped \$24.7 billion into markets in a bid to boost investor confidence.</p>	The Wall Street Journal	05/17/2017	

Economy Shows New Sign of Health	Industrial output had the biggest gain in more than three years in April, according to a report from the Federal Reserve Tuesday. Manufacturing output, the biggest component, rose to a new post-recession high.	The Wall Street Journal	05/17/2017	
What's News	◆ Stocks, the dollar and Treasury yields sank amid investor anxiety about the future of Trump's legislative agenda. The Dow and S&P 500 had their worst day since September, with the blue chips losing 372.82 points to 20606.93.	The Wall Street Journal	05/18/2017	
What's News	◆ Japan's economy picked up speed in the first three months of 2017, extending a recent stretch of growth.	The Wall Street Journal	05/18/2017	
Market Calm of 2017 Doesn't Look Much Like 2017 <i>Stocks in the S&P 500 are the most expensive since 2009, relative to their past 12 months' earnings.</i>	Small expected stock-price swings, as tracked by the CBOE Volatility Index, or VIX, and narrow junk-bond spreads could point to complacency, many analysts fear. With stock valuations as high as they have been in years, significant selloffs like Wednesday's often prompt questions about how precarious the market is. Some reasons to believe the fears are overstated: Large banks and households, the epicenter of the 2008 crisis, have delivered. Governments and central banks have taken on more debt, but for now there are few worries about an unruly reversal of those trends.	The Wall Street Journal	05/19/2017	
Stocks End Week on Positive Note	The calm climb in recent sessions contrasted sharply with earlier in the week, when the S&P 500 posted its steepest one-day drop since September. Wednesday's selloff was sparked by concerns about the latest political setbacks and controversies to hit the Trump administration. The S&P 500 tumbled 1.8% on Wednesday. Since then, however, the index is up about 1%.	The Wall Street Journal	05/20-21/2017	Corrie Driebusch and Riva Gold
What's News	◆ Europe's largest companies are on track to record their strongest quarter of profit growth in almost seven year.	The Wall Street Journal	05/20-21/2017	
Why OPEC's Promises Aren't Enough to Please the Oil Gods	Major oil producers Saudi Arabia and Russia signaled last week they would support extending into next year production cutbacks at the Organization for the Petroleum Exporting Countries, the latest attempt to bring the market back into balance after three years of oversupply. Yet even after Friday's rally took prices about \$50 a barrel, Nymex crude is down 6% for 2017 and few traders believe the oil market is on the verge of a breakout. U.S. oil production has been rising, thanks to falling shale costs which is helping to keep crude inventories high.	The Wall Street Journal	05/22/2017	
The Fed Took a Road It Has Trouble Exiting	The Fed's assets now total \$4.5 trillion, up from less than \$1 trillion a decade ago. Since 2013, the central bank has become one of the largest traders with U.S. taxable money-market funds, according to Crane Data. Many analysts and investors worry that significantly rolling back the Fed's expansion, a course advocated by some in conservative circles, risks disrupting markets and the economy at a time when growth remains tepid.	The Wall Street Journal	05/22/2017	Katy Burne

	Investors are already assessing how stocks and bonds might react when the central bank begins the latest stage of its yearslong retreat from stimulus – likely late this year – by ending the practice of reinvesting the proceeds of maturing bonds into new bonds.			
The Quants Run Wall Street Now <i>Software-driven trading, once a novelty, is becoming dominant</i>	<p>Up and down Wall Street, algorithmic-driven trading and the quants who use sophisticated statistical models to find attractive trades are taking over the investment world.</p> <p>The computers are outperforming humans at picking investments. Over the past five years, quant-focused hedge funds gained about 5.1% a year on average. The average hedge fund rose 4.3% a year in the same period.</p>	The Wall Street Journal	05/22/2017	Gregory Zuckerman and Bradley Hope
Why Trump Doesn't Scare Market	<p>President Donald Trump has stirred plenty of uncertainty, but except for one day last week, he hasn't shaken stocks.</p> <p>Usually periods of unusual policy uncertainty are periods when stock-market volatility is unusually high.</p> <p>...U.S. political signals have become less precise than they used to be amid all of the White House's reversals. So much noise with so little signal may make investors nervous, but because it is so uninformative it doesn't push prices around.</p>	The Wall Street Journal	05/23/2017	Justin Lahart
Trump's Growth Target Looks Out of Reach	<p>...President Donald Trump's first budget. It wets a worthy objective of sustained 3% economic growth, but offers no rigorous plan to back it up.</p> <p>Yet there are good reasons independent economists think the U.S. can't return to its historic growth of 3%. The U.S. working-age population grew 1.2% a year from 1950 through 2000. With the baby boomers retiring and families shrinking, it will grow less than 0.3% a year over the next decade.</p>	The Wall Street Journal	05/24/2017	Greg Ip
Treasurys' Appeal Picks up Overseas <i>Beijing leads charge as asset regains its traditional clout; 'the tide is shifting'</i>	<p>Foreign central banks are scooping up U.S. government bonds again after paring their holdings in 2016. And the biggest buyer this year? China.</p> <p>Last year, U.S. Treasurys held by foreign central banks via the Federal Reserve's custody accounts declined \$140 billion, sparking alarm over whether a wave of Treasury selling by central banks overseas was coming.</p> <p>This year, the debt holdings have climbed by \$61 billion to \$2.92 trillion, the highest level since June 2016, according to the latest data from the week ended May 17.</p> <p>There has been a similar shift by China, the second-largest foreign holder of Treasurys after Japan.</p> <p>Selling Treasurys is a popular solution for central banks aiming to support local currencies. But this year, a steadily weakening dollar has helped stabilize local currencies and reduced the need for central banks to sell Treasurys and use the proceeds to intervene in the currency market.</p> <p>The dollar has fallen 1.4% this year against the Chinese yuan freely traded...</p>	The Wall Street Journal	05/25/2017	Min Zing

	The yield on the benchmark 10-year Treasury note was 2.266% in late New York trading Wednesday, down from 2.446% at the end of 2016.			
What's News	◆ Earnings at U.S. firms grew at the fastest pace in nearly six years in the first quarter, the latest boon to the bull market in stocks.	The Wall Street Journal	05/25/2017	
What's News	◆ Fed officials expected at their latest meeting that it would "soon be appropriate" to raise rates again, signaling a possible June move.	The Wall Street Journal	05/25/2017	
China Buys Calm for Its Currency	<p>China's central bank is effectively anchoring the yuan to the dollar, a policy twist that has helped to stabilize the currency in a year of political transition and market jitters about Beijing's economic management.</p> <p>The newfound tranquility might not last: the focus seen in recent weeks on stability against the dollar, whether it goes up or down, means pressure on the yuan to weaken could get dangerously bottled up, potentially brining bouts of sharp devaluation.</p> <p>While recent regulatory efforts aimed at curbing debt rattled Chinese markets for stocks and bonds, the country's currency market has been relatively calm.</p>	The Wall Street Journal	05/26/2017	Lingling Wei and Saumya Vaishampayan
Utilities Stocks Are Back in Favor	<p>Powering Up</p> <p>Shares of companies that provide electricity, water, natural gas and sewage services have outperformed the broader market recently, reflecting how investors have dialed back their expectations for economic growth since the election.</p> <p>Shares of utilities companies are leading gains in the S&P 500 this week, the latest sign that hopes of stronger economic growth under President Donald Trump have moderated.</p> <p>The S&P 500's utilities sector posted its seventh consecutive session of gains on Thursday...</p> <p>The sector has climbed 2.5% this week...</p> <p>The economic data are "showing that rates can come up, but at a slow, gradual pace," said Jay Rhame, portfolio manager of Reaves Asset Management...</p> <p>Early last year, worries about a global economic slowdown drove investors into utilities stocks, sending the sector up more than 20% in the first half of 2016 and pushing its 12-month trailing price-earnings ratio above the S&P 500's.</p>	The Wall Street Journal	05/26/2017	Liying Qian
What's News	◆ Consumer-discretionary shares helped propel the S&P 500 to its 19 th record close of the year.	The Wall Street Journal	05/26/2017	
What's News	◆ Draghi said the ECB isn't ready to end its monetary stimulus despite an improving eurozone economy.	The Wall Street Journal	05/30/2017	

<p>GOP Bid to Rewrite Tax Code Falters</p>	<p>The boldest ideas for changing the nation's tax code are either dead or on political life support, as the Republican effort in Congress to reshape the tax system moves much more slowly than lawmakers and their allies in business had hoped.</p> <p>The clear winner, so far, is the status quo.</p>	<p>The Wall Street Journal</p>	<p>05/30/2017</p>	<p>Richard Rubin</p>
<p>What's News</p>	<p>◆ The Fed is set to raise rates at its June meeting but could defer an expected September move if there are debt-ceiling frictions.</p>	<p>The Wall Street Journal</p>	<p>05/31/2017</p>	
<p>What's News</p>	<p>◆ Americans ramped up spending in April at the fastest pace in four months, fresh evidence that the U.S. economy is rebounding.</p>	<p>The Wall Street Journal</p>	<p>05/31/2017</p>	
<p>What's News</p>	<p>◆ U.S. stocks edged lower on declines in banks and oil firms. The Dow fell 50.81 points to 21029.47.</p>	<p>The Wall Street Journal</p>	<p>05/31/2017</p>	
<p>Strong Dollar Poses Risk</p>	<p>Multinationals and foreign companies that borrow in U.S. dollars could get squeezed by higher borrowing costs if the greenback strengthens, according to a report from J.P. Morgan Chase & Co's investment bank.</p> <p>U.S. firms earned more than half their revenues overseas but held 90% of their liabilities in U.S. dollars at the end of 2016. A sudden rise in the dollar would lower the value of their revenues and make the borrowings relatively more expensive, said the report...</p> <p>U.S. firms would likely avoid the worst consequences of a strong dollar because they still make enough money in the U.S. to meet their interest requirements.</p>	<p>The Wall Street Journal</p>	<p>05/31/2017</p>	<p>Vipal Monga</p>
<p>Bonds Get Lift From Fed's Pet Indicator</p>	<p>U.S. government bonds strengthened broadly after the long holiday weekend as the latest inflation report bolstered some investors' expectations that the Federal Reserve would be slow in raising interest rates.</p> <p>The yield on the benchmark 10-year Treasury note settled at 2.217%, down from 2.248% Friday. Yields fall as bond prices rise.</p>	<p>The Wall Street Journal</p>	<p>05/31/2017</p>	<p>Min Zing</p>

Starbucks has more customer money on their Starbuck's cards and their app than many banks have in deposits – about \$1.2 billion. *MarketWatch, June 11, 2016*

The material has been prepared or distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This material contains information from sources believed to be reliable, however, the accuracy and completeness of the information is not guaranteed.

Any opinions and forecasts expressed in this material are those as of (date) and are subject to change at any time, based on market and other conditions. There is no guarantee that the current market will yield the same results as those in the past. The investment return and principal value of securities will fluctuate and may be worth more or less than original cost when sold. Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Market Indexes are commonly accepted benchmarks for certain classes of securities. Market indexes are comprised of individual stocks or bonds which are not actively managed and cannot be purchased directly by investors.

Because investors' situations and objectives vary, this material is not intended to indicate suitability for any particular investor.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. In the event of any discrepancy, the sponsor's valuation shall prevail.

Securities and advisory services offered through Independent Financial Group LLC, a registered broker-dealer and investment advisor, Member FINRA/SIPC. (OSJ: 12671 High Bluff Dr. Ste. 200, San Diego, CA 92130) Independent Financial Group LLC and Juengling & Associates are independently owned and operated.

Prepared by James M. Juengling.
Juengling & Associates