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| **RESOURCE LOG – May 2019** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Stocks Set Milestone For Start To the Year | Major U.S. stock indexes enjoyed their best four-month start to a year since at least 1999, the latest milestone for a bounceback rally fueled by a more accommodative Federal Reserve and upbeat economic prospects. | The Wall Street Journal | 05/01/2019 | Michael Wursthorn |
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| Eurozone Economy Gets a Boost  *First-quarter data defy expectations, but questions linger about longer sustainability* | The eurozone economy regained some lost momentum at the start of 2019, offering fresh evidence of surprisingly resilient global growth amid lingering uncertainties about trade with the U.S. and the strength of demand for its exports from China.  However, it’s far from certain that the global economy will maintain its first-quarter pace of growth. In the U.S., the surprisingly strong expansion was boosted by a decline in imports that is unlikely to be sustained…  The European Union’s statistics agency said the combined GDP of the eurozone’s 19 members increased by an annualized 1.5% in the three months through March, an acceleration from the 0.9% rate of growth recorded in the final quarter of 2018. | The Wall Street Journal | 05/01/2019 | Paul Hannon |
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| Fed Pause, Dollar Feed Small – Cap Hopes | Small-caps, which typically have a market value of about $2 billion or less, are at an important juncture. The Russell 2000, which has climbed 18% this year, rebounded in early 2019 but has struggled to stay above 1600, a resistance level.  “A stronger dollar and a Fed on pause should point to a better Russell 2000, but we haven’t seen it year,” said Carlos Dominguez, president and chief investment officer at Miami-based Element Pointe Advisors.  Fears of slowing economic growth and higher rates dented the appeal of small-caps at the end of last year. Smaller companies tend to struggle for traction at the end of economic expansions due in part to rising wages and borrowing costs.  A recent bounce in the dollar ha made some analysts more optimistic. Small-caps are more insulted from a stronger dollar than larger companies because their revenue is more likely to come from inside the U.S. while larger multinationals’ have more exposure overseas, making foreign revenue smaller when converted back to dollars. | The Wall Street Journal | 05/01/2019 | Jessica Menton |
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| Stubbornly Low Inflation Might Not Justify a Fed Rate Cut | The Fed has an inflation target of 2% but, after years of mostly falling short of that mark, the central bank increasingly has become worried that too-low inflation is becoming ingrained in consumer expectations. Since expectations feed into actual prices, the risk is that inflation will remain persistently below the Fed’s target. That would be problematic if a recession were to hit since deflation, or falling prices, would be that much closer. (Hello, Japan.) | The Wall Street Journal | 05/02/2019 | Justin Lahart |
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| What’s News | ♦ Fed officials agreed to hold their benchmark interest rate steady and signaled comfort that their wait-and-see posture has steadied the economy. | The Wall Street Journal | 05/02/2019 |  |
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| Oil Sinks 2.8% as Glut Fear Grows | Oil prices dropped to a one-month low on worries of a global supply glut due to surging U.S. crude inventories and on uncertainty over the impact of tougher Iran oil sanctions.  West Texas Intermediate futures, the U.S. oil benchmark, ended 2.8% lower at $61.81 a barrel… | The Wall Street Journal | 05/03/2019 | Dan Molinski |
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| Gold Prices Approach Lowest Levels of Year | Front-month gold for May delivery shed 0.9% to $1,269.70 a troy ounce…  Prices have fallen 5.5% from their 10-month peaks hit in February… | The Wall Street Journal | 05/03/2019 | Amrith Ramkumar |
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| Jobless Rate Hits a 50-Year Low  *Hiring was stronger than expected in April, though labor-force participation declined* | The latest numbers, however, also raise the question of whether enough workers can be drawn into the labor market to sustain the momentum of a nearly decadelong expansion.  …and joblessness fell to 3.6%, the lowest level since December 1969…  “The labor market is as strong as it’s been in a half-century,” said Scott Anderson, chief economist at Bank of the West. “We’re in a spot to see the expansion continue.” | The Wall Street Journal | 05/04-05/2019 | Eric Morath and Sarah Chaney |
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| White House Escalates Row With Fed | Vice President Mike Pence and White House National Economic Council Director Lawrence Kudlow- echoing President Trump’s comments Tuesday – called on the Fed to lower interest rates, saying the economy’s engine could handle more fuel.  Fed Vice Chairman Richard Clarida – echoing Fed Chairman Jerome Powell’s comments Wednesday – said a short time later in a speech there was no need for the Fed to move interest rates either way. | The Wall Street Journal | 05/04-05/2019 | David Harrison and Michael C. Bender |
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| Stocks Rally on Strength Of Hiring Data, Pushing S&P 500 Toward Record | After vaulting at the start of 2019, major indexes have slowed their ascent, though they have continued to grind higher.  The S&P 500 rose 1% on Friday to 2945.64, just 0.01% below its April 30 record. The Dow Jones Industrial Average climbed 197.16 points, or 0.8%, to 26504.95,…  The Dow, which is sitting 1.2% away from its October closing high, finished lower for the second consecutive week…  The jobs report for April was above expectations… | The Wall Street Journal | 05/04-05/2019 | Jessica Menton |
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| Trump Issues Tariff Threat  *President’s warning to China takes Beijing by surprise and could imperil talks this week* | President Trump threatened to drastically ramp up U.S. tariffs on Chinese imports, a surprise twist that put an accord in doubt as Beijing considered pulling out of talks scheduled to begin this week.  In a pair of Twitter messages Sunday, Mr. Trump wrote he planned to raise levies on $200 billion in Chinese imports to 25% starting Friday, from 10% currently. | The Wall Street Journal | 05/06/2019 | Bob Davis, Rebecca Ballhaus and Lingling Wei |
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| China Accused Of Reneging In Trade Talks | Prospects for a speedy conclusion to the U.S. – China trade fight dimmed Monday after U.S. officials accused Beijing of reneging on its promises and vowed to implement President Trump’s threat to raise tariffs quickly on Chinese imports. | The Wall Street Journal | 05/07/2019 | William Mauldin, Michael C. Bender and Josh Zumbrun |
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| Industrial, Tech Stocks Take a Hit | Shares of technology and industrial companies reliant on Chinese demand slid, a sign President Trump’s latest tariff threat is eroding the optimism that has supported markets this year.  The declines in the Technology sector were particularly worrisome to some market watchers because many analysts use Apple and Chip stocks to gauge investor sentiment and stock-market momentum.  After dropping during last year’s rout, those shares have led the 2019 rebound.  The latest tariff threat raised the possibility that a setback in trade talks could further crimp business spending and economic growth, analysts said. | The Wall Street Journal | 05/07/2019 | Amrith Ramkumar |
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| Ten-Year Treasury Yield Falls Below 2.5% | U. S. government bond prices rose Monday, pushing the yield on the 10-year Treasury note below 2.5%... | The Wall Street Journal | 05/07/2019 | Sam Goldfarb |
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| Weaker Growth Outlook Lifts Bonds | Prices for Treasurys climbed amid rising concern that trade tensions between the U.S. and China could dent strong economic growth.  The yield on the benchmark 10-year Treasury note notched its biggest one-day decline in more than six weeks, settling at 2.448%...  The yield on the German 10-year bund traded below zero on Tuesday.  The impact of trade tensions has impeded growth in Europe, particularly in Germany, because exports and manufacturing comprise a major proportion of economic activity in EU… | The Wall Street Journal | 05/08/2019 | Daniel Kruger |
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| Stocks Sink Amid Trade Tensions  *Dow falls more than 450 points as hopes for a speedy end to the U.S.-China fight wane* | The stocks market’s declines deepened Tuesday, with the Dow Jones Industrial Average sliding more than 450 points, as investors braced for the increased likelihood the U.S. will raise tariffs on Chinese goods later this week.  The Dow dropped 473.39 points, or 1.8%, to 25965.09, its biggest fall since Jan. 3. It had fallen as much as 648 points earlier in the day. The S&P 500 fell 1.7% to 2884.05, and the tech-laden Nasdaq slid 2% to 7963.76.  Traders and analysts said they expect this is the beginning of a choppy stretch for the stock market. | The Wall Street Journal | 05/08/2019 | Corrie Driebusch, Chao Deng and Lingling Wei |
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| What’s News | ♦ The S&P 500 fell for a third straight session, slipping 0.16% as investors continued to ret over the U.S. China trade dispute. | The Wall Street Journal | 05/09/2019 |  |
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| S&P Extends Decline a Third Day | The S&P 500 fell for a third consecutive session as investors continued to fret over the potential impact of billions of dollars in tariffs due to hit Chinese imports later this week.  The S&P 500 has lost 2.2% over the past three sessions, its worst stretch since the late December selloff…  On Wednesday, the S&P 500 declined 4.63 points, or 0.2%, to 2879.42, while the Nasdaq Composite fell 2044 points, or 0.3%, to 7943.32. The Dow Jones Industrial Average, meanwhile, added 2.24 points, or less than 0.1%, to 25967.33… | The Wall Street Journal | 05/09/2019 | Michael Wursthorn and Avantika Chilkoti |
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| Trump Raises Pressure on China  *U.S. threatens fresh levies on $325 billion in goods as trade negotiations resume* | President Trump ratcheted up pressure on Chinese trade negotiators, saying the U.S. was moving ahead with fresh levies on everything China sells to the U.S. that isn’t already subject to tariffs.  The new tariffs would be in addition to tariffs on $200 billion in imports that were scheduled to rise from 10% to 25% at 12:01 a.m. on Friday. Combined with previous levies, virtually all Chinese exports to the U.S. would face 25% tariffs.  China has rejected U.S. claims that it has backtracked in negotiations – the source of a setback this week that threatened to scuttle a potential trade agreement between the two countries – and has threatened unspecified countermeasures to the new U.S. tariffs. | The Wall Street Journal | 05/10/2019 | Bob Davis and Josh Zumbrun |
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| Moody’s Warns ETFs Face Tests | The rapidly growing exchange-traded -fund industry has yet to be tested by a long bout of market turbulence, according to a report from Moody’s Investors Service.  The unusually placid era for stocks has seen big banks retreat from their role in facilitating ETF trading…  At the same time, ETF investors have become accustomed to being able to buy and sell their funds with ease.  Investors may be in for a shock during the next sustained market rout, Moody’s said.  Turmoil in the underlying market will spread to ETFs, making them harder and more expensive to trade, the report said. | The Wall Street Journal | 05/10/2019 | Asjylyn Loder |
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| What’s News | ♦ U.S. stocks fell amid continuing worries on trade but finished well off their lows. The Dow lost 0.5%. | The Wall Street Journal | 05/10/2019 |  |
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| What’s News | ♦ Economists in a survey expect U.S. wage growth to pick up during the next year. | The Wall Street Journal | 05/10/2019 |  |
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| Emerging Markets Strained by Trade Turmoil | This year’s rally in emerging-market currencies is facing a test as investors pull back on riskier bets in the midst of renewed trade tensions and falling commodity prices.  Many emerging markets are sensitive to fluctuations in the global economy and are especially attuned to growth in China, a key global consumer of everything from raw materials to technology.  Even is a trade deal is reached, emerging-market currencies still have to contend with a persistently strong dollar. Comparatively high U.S. interest rates have dulled the allure of emerging-market currencies and will likely continue to do so, as many developing countries look to ease monetary policy, said Win Thins, global head of currency strategy at Brown Brothers Harriman. | The Wall Street Journal | 05/11-12/2019 | Ira Iosebashvili |
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| China Trade Talks End Without Deal  *Beijing plans to retaliate on tariffs; leaders set to attend G20 summit in June* | U.S. and Chinese trade negotiators failed to break an impasse following two days of globally watched trade talks, as both sides tried to prevent sentiment from deteriorating further.  In tweets Friday afternoon, President Trump said newly imposed 25% U.S. tariffs on $200 billion in Chinese imports would remain in place pending future negotiations. | The Wall Street Journal | 05/11-12/2019 | Bob Davis |
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| Weakness Across Assets Puts Some on Edge | …U.S. and global stocks trimmed their weekly drops to just over 2% Friday.  The Shanghai Composite slipped 4.5%...  Investors also retreated from commodities that are critical to the global transportation and manufacturing industries, pushing copper and oil down more than 6.5% from their 2019 peaks hit late last month.  Analysts say the prospect of an extended trade fight between the U.S. and China could crimp business and consumer spending, constraining economic activity and fueling fresh angst about slower economic and profit growth.  …the Federal Reserve’s halt to interest-rate increases pushed the S&P 500 to a record late last month.  Even with last week’s drop, the broad equity gauge is still up 15% for the year…  …safe-haven metal gold climbed for the fifth time in sixth sessions on Friday as riskier assets continued to swing. Treasurys have also stayed steady. The yield on the benchmark 10-year U.S. Treasury note ended the week at 2.455%, down from 2.531% a week earlier. Bond yields fall as prices rise. | The Wall Street Journal | 05/13/2019 | Amrith Ramkumar |
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| Fed Official Warns of Risks to Economy | Federal Reserve Bank of Boston leader Erik Rosengren said the accelerating U.S.-China trade war is raising risks to the U.S. economy, adding that in these uncertain times it is best for the Fed to hold short-term rates steady.  The latest trade troubles come as the U.S. economic outlook has brightened. Robust hiring and strong growth have raised hopes abut the durability of the expansion. But Fed officials largely agree there will be no need for rate rises over the course of the year. | The Wall Street Journal | 05/14/2019 | Michael S. Derby |
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|  | **DJIA** 25324.99 ▼617.38 2.4%%  **NASDAQ** 7647.02 ▼3.4% | The Wall Street Journal | 05/14/2019 |  |
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| What’s News | ♦ Stocks posted their biggest drop in months amid an escalation of the U.S,-China trade dispute. The Dow and S&P 500 both fell 2.4%, while the Nasdaq lost 3.4%. Bank shares fared badly. | The Wall Street Journal | 05/14/2019 |  |
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| Safety Seekers Stoke Treasury Demand  *Yield on benchmark 10-year note hits its lowest level since March 28* | A broad flight to safer assets on Monday pushed the yield on the 10-year U.S. Treasury note to its lowest close since March, highlighting the spreading effects of the escalating U.S.-China trade battle.  Having spent much of Monday’s session below 2.4%, the yield on the benchmark 10-year U.S. Treasury note ultimately settled at 2.405%. | The Wall Street Journal | 05/14/2019 | Sam Goldfarb and Daniel Kruger |
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| Oil Prices Drop as Demand Outlook Turns Ugly | Oil prices fell to a six-week low Monday on worries of a full-blown U.S.-China trade war that could hurt global demand for crude oil.  West Texas Intermediate futures, the U.S. oil benchmark, ended 1% lower at $61.04 a barrel… | The Wall Street Journal | 05/14/2019 | Dan Morlinski |
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| No, Beijing Can’t Sink The Treasury Market  *Retaliation would more likely target U.S. companies* | China owns U.S. Treasurys valued at $1.1 trillion, but threats that it could dump them and upend the bond market ring hollow.  China can’t give as powerful a blow as the one it is taking – the U.S. is far less dependent on exports – but it can still inflict pain…  Government-bond prices mostly depend on investor expectations of where the central bank will set interest rates, which means that even massive selling can more prices for only a short time. It is one of the reasons why the world’s developed nations have had no problem running gigantic budget deficits – last year, the U.S. government’s financing gap was almost $800 billion – even though their public-debt levels have reached their highest since World War II. | The Wall Street Journal | 05/15/2019 | Jon Sindreu |
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| Shares Rebound, but Risks Persist  *Trade dispute shakes faith in U.S. economy, raises questions on high U.S. asset prices* | Even with recent market swings, U.S. stocks have fared better than global equities.  The sharp stock-market swings of recent days are confronting investors with a quandary long avoided during the 10-year-old bull market: Riskier assets suddenly look very risky.  So far this year, the Dow is up 9.5% and the broader S&P 500 has risen 13%.  Gains in U.S. stocks have made them historically expensive relative to global equities. Economic growth remains solid, but some analysts and investors said the escalation of trade tensions stokes concern this year’s stock rally…  Some argue the reaction to the trade spat is potentially overblown, yet the repeated flare-ups continue to make investors nervous. | The Wall Street Journal | 05/15/2019 | Amrith Ramkumar |
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| Economy Lost Some Steam at Start of Quarter | The U.S. economy got off to a sluggish start in the second quarter, with both consumers and manufacturers pulling back in April amid trade tensions, a global slowdown and the waning effects of the 2017 tax cuts.  Retail sales fell a seasonally adjusted 0.2% in April from the previous month…  Factory output dropped a steeper 0.5% in April from March, according to Federal Reserve data…  A measure of U.S. freight demand also is sending a troubling signal. The Cass Freight Index for shipments dropped 3.2% in April, the fifth straight month in negative territory.  Macroeconomic Advisers, a forecasting firm, lowered its second-quarte economic growth estimate to a 2% rate from 2.1% in response. Oxford Economics lowered its forecast to a 1.6% pace from 1.7%.  “I don’t think there’s any way to put lipstick on the manufacturing numbers,” said Joshua Shapiro, chief U.S. economist at MFR Inc. “the growth isn’t there. The domestic demand in the U.S. is pretty decent, but export demand is weakening. | The Wall Street Journal | 05/16/2019 | David Harrison ,Austen Hufford and Paul Page |
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| Finance Chiefs Fear Recession Is Ahead, but Many Lack Plan | Two-thirds of CFOs expect the U.S. economy to enter a recession by the third quarter of 2020, according to the Duke University/CFO Global Business Outlook survey of more than 1,500 CFOs around the world. And nearly half of U.S. CFOs say a recession is likely by the end of 2019, the December survey found. | The Wall Street Journal | 05/17/20119 | Tatyana Shumsky |
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| Volatility Unlikely To Derail Buybacks | U.S. companies have been buying back their own shares at a blistering pace for more than a year…  The roughly 86% of firms in the S&P 500 that have reported results for the first quarter repurchased $188 billion worth of their own stock during that time, according to S&P Dow Jones Indices, on pace to be the second-highest amount on record based on data going back to 1998.  Stocks have rebounded this week following Monday’s selloff. | The Wall Street Journal | 05/17/2019 | Jessica Menton |
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| Blue Chips Sink for Fourth Week | The Dow Jones Industrial Average slumped for a fourth consecutive week, with some analysts saying stocks could face continued pressure as the trade dispute between Washington and Beijing drags on.  All three indexed notched weekly declines, with the blue-chip index posting its longest losing streak since May 2016, while the S&P 500 and Nasdaq recorded two straight weeks of losses.  The Dow industrials fell 98.68 points, or 00.4%, to 25764.00. The S&P 500 slipped 16.79 points, or 0.6%, to 2859.53.  The technology-heavy Nasdaq Composite lost 81.76 points, or 1%, to 7816.28.  Still, all three major averages are each within 4.3% of the closing records.  In commodities markets, Brent crude oil fell 0.6% to settle at $72.221 a barrel, while gold lost 0.8% at $1,274.50 an ounce. | The Wall Street Journal | 05/18-19/2019 | Jessica Menton |
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| Trump Eases Trade Tensions  *U.S. postpones auto tariffs and agrees to end metals levies on Canada and Mexico* | The White House released an order putting off a decision on proposed tariffs on imported cars and auto parts for about six months, giving the administration room to negotiate possible trade deals with the European Union and Japan.  Hours later, Mr. Trump said the U.S. had reached a deal to exempt Canada and Mexico from tariffs on steel and aluminum that were imposed last year. | The Wall Street Journal | 05/18-19/2019 | William Mauldin, Josh Zumbrun and Vivian Salama |
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| Interest Rates on Deposits Lose Steam  *Savers likely to feel pinch as Federal Reserve shifts to loosening credit reins* | Investors increasingly think the Federal Reserve is on course to cut interest rates at least once this year. That makes it likely banks could start to reverse course on deposit rates, which while still low by historical standards have climbed over the past two years.  Growth in payouts to savers has already begun to stall in some deposit categories. The national average rate for a one-year certificate of deposit, for example, has risen just 0.09 percentage point, to 1.01%...  While big banks generally have kept payouts low, savers over the past year or so have been able to tap 2%-plus yields…  That occurred as the Fed between late 2015 and late 2018 increased short-term rates nine times-bringing the fed-funds rate to a level of between 2.25% and 2.5%-and the yield on the 10-year U.S. Treasury to around 3.25% last fall. | The Wall Street Journal | 05/20/2019 | Allison Prang |
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| Firms Tighten Capital Spending  *Trade conflict between China and the U.S. led company executives to curb their investments* | Spending on factories, equipment and other capital goods slowed in the first quarter among a broad cross-section of large, U.S.-listed firms, bolstering investor concerns that a key driver of economic growth is fading.  Executives at several companies said lingering trade tensions with China were making them and their customers cautious, raising the prospect that slower business spending could hamper economic growth later in 2019 and in 2020… | The Wall Street Journal | 05/20/2019 | Amrith Ramkimar and Theo Frances |
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| Investors Wager on More Stock Turmoil | The same trend has made options on the Cboe Volatility Index, or VIX, popular.  It also has grown more expensive to hedge. Options pricing shows that it recently has been more costly to protect against declines in the S&P 500 than it was at the end of 2018, according to Credit Suisse data.  Many investors say they are growing accustomed to the violent swings in markets. Data shows that such jumps in volatility have grown more commonplace. The moves follow years of calm in markets as equities continued a steady grind higher, fueled by unprecedented monetary stimulus from the world’s biggest central banks. Now, some investors believe markets may be reverting to a regime in which market gyrations are more frequent. | The Wall Street Journal | 05/21/2019 | Ira Iosebashivili and Gunjan Banerji |
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| What’s News | ♦ U.S. officials said they would grant a handful of temporary exceptions to an export blacklist against China’s Huawei. | The Wall Street Journal | 05/21/2019 |  |
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| What’s News | ♦ Tech shares skidded, weighing on the broader market, after some companies moved to comply with curbs against Huawei. | The Wall Street Journal | 05/21/2019 |  |
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| What’s News | ♦ Fed chief Powell said regulators must take seriously the potential dangers posed by rising business debt. | The Wall Street Journal | 05/21/2019 |  |
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| What’s News | ♦ The U.S. housing market continued to soften in April, as existing-home sales fell despite falling mortgage rates and a strong economy. | The Wall Street Journal | 05/22/2019 |  |
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| Investors, Fed Watch Different Yield Curves | The three-month yield this year has periodically exceeded that of the 10-year note, a phenomenon known as an inverted yield curve that has preceded every recession since 1975.  Many investors, however, prefer to watch the gap between the yields on two- and 10-year notes…  The benchmark 10-year Treasury yield settled on Tuesday at 2.428%. | The Wall Street Journal | 05/22/2019 | Daniel Kruger |
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| What’s News | ♦ Stocks fell in the U.S. as trade tensions continued to shadow the market. The Dow and S&P 500 lost 0.9% and 0.88, respectively, | The Wall Street Journal | 05/23/2019 |  |
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| What’s News | ♦ Fed officials were broadly comfortable with their static posture on interest rates at the latest policy meeting, minutes show. | The Wall Street Journal | 05/23/2019 |  |
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| What’s News | ♦ The Dow lost 1.1% after the latest flare-up in U.S.-China trade tensions. Oil prices sand and the benchmark Treasury’s yield fell. | The Wall Street Journal | 05/24/2019 |  |
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| What’s News | ♦ New-home sale in the U.S. fell in April, posting the largest monthly drop since the end of last year. | The Wall Street Journal | 05/24/2019 |  |
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| What’s News | ♦ One-quarter of working Americans say they have no retirement savings, according to a Fed survey. | The Wall Street Journal | 05/24/2019 |  |
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| Markets Hit As Trade Row Escalates  *Oil plummets and yield curve shifts as investors view conflict as worsening* | The Dow Jones Industrial Average fell by about 286 points on Thursday after the latest flare-up in U.S.-China trade tensions damped investors’ expectations of a near-term resolution of the fight between the world’s two biggest economies.  Stocks in Europe fell by their biggest percentage in two weeks after most of Asia’s indexes closed lower.  In the U.S. Treasury market, the yield on the benchmark 10-year note fell to 2.296% - its lowest level in more than 19 months – from 2.393% on Wednesday. The decline was its biggest since Jan. 3, pushing the 10-year’s yield below the yield on the three-month Treasury bill for the first time since May 15 – a potential harbinger of further economic tumult.  Anticipating a protracted fight between Washington and Beijing, investors retreated to safer assets such as U.S. government bonds…  The losses pulled the Dow industrials toward its fifth straight weekly loss…  Even with Thursday’s losses, the Dow industrials and S&P 500 remain up 9.3% and 13%, respectively for the year. | The Wall Street Journal | 05/24/2019 | Michael Wursthorn |
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| Dow Declines for a Fifth Straight Week  *Blue-chip index posts longest stretch of losses since 2011 as trade dispute drags on* | The stalemate between the U.S. and China on a potential trade deal dragged the Dow Jones Industrial Average lower for a fifth consecutive week, its longest such losing streak since 2011.  The blue-chip index has dropped 3.8% in May.  On Friday, the Dow industrials edged up 95.22 points, or 0.4%, to 25585.69, and it ended the week down 0.7%. The S&P 500 added 3.82 points, or 0.1%, to 2826.06, but fell 1.2% for the week. The Nasdaq Composite gained 8.72 points, or 0.1%, to 7637.01 and finished the week 2.3% lower.  Government bond prices slipped and yields rose slightly Friday, rowing back on a growing preference for safety. U.S. 10-year Treasury yields climbed to 2.327% from 2.296%... | The Wall Street Journal | 05/25-26/2019 | Corrie Driebusch and Paul J. Davies |
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| Volatility Feeds Stock-Picking Rebound  *Sharper swings lead investors to gamble on individual shares instead of index funds* | The stock market’s sharp moves up and down over the past 18 months have caught the attention of some individual investors who believe the market has reached a point at which picking the fight stocks matters more than throwing money into index-tracking funds.  The recent flare-up in U.S.-China trade tensions has the potential of making stocks trade more independently of each other, giving investors more opportunities to buy shares, analysts say.  The S&P 500 remains up 13% for the year but it has fallen over the past three weeks, shedding just over 4% in May… | The Wall Street Journal | 05/28/2019 | Michael Wursthorn |
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| Growth in Corporate Bonds Sounds Alarm | A decadelong rise in corporate borrowing is prompting new scrutiny about how debt markets might hold up in an economic downturn.  In a speech last week, Federal Reserve Chairman Jerome Powell ticked through a number of topics of concern…  …the increase in debt at the bottom end of the investment grade ratings scale and the rapid disappearance of protections for lenders to higher-risk companies.  As of the end of last year, the ratio of business debt to U.S. gross domestic product reached 73.1%, Fed data show, just short of the high of 73.7% set in 2009.  Meanwhile, the amount of triple-B rated U.S. corporate debt – the lowest category of investment-grade credit – has more than doubled since the financial crisis.  Concerns about rising corporate-debt levels are hardly confined to the U.S.  In Europe, the Middle East and Africa, gross reported debt of nonfinancial businesses in the triple-B category grew by 80% between 2007 and the end of 2018, reaching $2.2 trillion, S&P Global Ratings estimates.  If bonds are downgraded to speculative-grade territory en masse, those funds would become forced sellers, further exacerbating likely declines in those bond prices. | The Wall Street Journal | 05/28/2019 | Sam Goldfarb and Avantika Chilkoti |
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| EU Election Results Show Bloc’s Widening Divisions | The outcome of the weekend’s European Union elections threatened a fresh stage of political instability in the bloc, with results in many countries signaling disillusionment with the establishment and polarization among voters.  As final results trickled in Monday, there was relief in the EU’s capital, Brussels, that the vote didn’t yield a broad anti-EU nationalist surge. | The Wall Street Journal | 05/28/2019 | Laurence Norman and Stephen Fidler |
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| Risky Municipal Bonds Keep Up a Hot Streak | Investors have jumped into the municipal-bond market in search of returns this year as Treasury yields have fallen and analysts’ expectations that the Federal Reserve might cut interest rates this year have risen. Recent changes to the tax code also gave an unexpected boost to the muni market since federally tax-exempt muni bond have become one of investors’ few remaining tax shelters.  Now, the strong appetite for munis has extended to sometimes riskier borrowers in the historically safe market for state and local governments.  The strong demand for muni debt has pushed down the yield on the Bloomberg Barclays Municipal Bond High Yield Index to around 4.54% late last week, near a 16-year low, FactSet data show.  High-yield munis outperformed corporate bonds, stocks and Treasurys last year and have returned 5.5% this year, counting price changes and interest payments, FactSet date show. High-yield corporates have returned 8%. | The Wall Street Journal | 05/28/2019 | Gunjan Banerji |
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|  | **DJIA** 25347.77 ▼237.92 .09%  **NASDAQ** 7607.36 ▼0.4%  **OIL** $59.14 ▲$0.51  **GOLD** $1,276.50 ▼$6.50 | The Wall Street Journal | 05/29/2019 |  |
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| Growing Economic Worries Spark Slide in Bond Yields | Investors around the world pushed government bond yields near multiyear lows Tuesday, reflecting growing concern that global economic growth is slowing.  Bond yields, which fall as prices rise, have slid in recent weeks in response to a host of factors, including tepid economic data, geopolitical tensions and signs of caution from the Federal Reserve. While few see an imminent recession, many investors worry that economic growth could falter…  The yield on the benchmark 10-year U.S. Treasury note settled Tuesday at 2.268%, its lowest close since September 2017. The Dow Jones Industrial Average fell 0.9%, after on Friday notching a fifth-consecutive week of declines, its longest string of weekly losses since June 2011.  Falling yields can also work to bolster stocks and growth by lowering borrowing costs and pushing yield-hungry investors into riskier assets.  Rising Treasury yields jarred financial markets last fall when investors worried the Fed would raise short-term interest rates too high, crimping growth. Early-year signals from the Fed that it would at least pause increases helped power stocks to records. | The Wall Street Journal | 05/29/2019 | Daniel Kruger and Sam Goldfarb |
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| Signs of Slow Growth Whip Markets | Stocks, bond yields and commodities around the world declined again, as worries about slowing economic growth spurred a further retreat from riskier investments.  Markets have been stung lately by fears that a drawn-out U.S.-China trade dispute will add pressure on an already slowing world economy.  …said Paul Zemsky, chief investment officer of multi-asset strategies and solutions at Voya Investment Management. “While I think the U.S. will continue to plow through, the rest of the world becomes more questionable.” | The Wall Street Journal | 05/30/2019 | Amrith Ramkumar |
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| How Expensive Are Stocks Really? | …Nobel Prize-winning economist Robert Shiller…  Mr. Shiller popularized the “cyclically adjusted price-earnings” or CAPE ratio in his 2000 book “Irrational Exuberance.” Available on his website, it is the real, or inflation-adjusted, S&P 500 index divided by the 10-year average of real S&P 500 earnings. The aim is to correct for swings in profits that can falsely suggest stocks are cheap or expensive.  The CAPE stands at a very high 28.9 according to the website, which compares with a 50-year average of about 20. That is worrisome because very high CAPE levels have tended to be associated with subpar medium-term market returns.  There is an important place for the CAPE in investors’ quivers; it just shouldn’t be their only arrow. | The Wall Street Journal | 05/30/2019 | Justin Lahart |
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| Bank Stocks Hurt by More Than Falling Rates | Sliding interest rates are just one of the issues plaguing bank stocks.  While some analysts blame a sharp drop in Treasury yields, which can crimp banks’ lending margins, others say big banks also face other woes. Those include intensified worriers about the U.S. economy; stock-trading volumes that have fallen this quarter relative to the first three months of the year; and a slide in US. Debt capital markets volumes.  The yield on the 10-year Treasury note slid to its lowest level since September 2017… | The Wall Street Journal | 05830/2019 | Corrie Driebusch |
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| Mortgage Rates Fall Below 4%, Lift Hopes | Mortgage rates dropped below 4% for the first time since early last year, adding to hopes for a revival in the housing market.  The average rate this week on a 30-year fixed rate mortgage was 3.99%, mortgage finance giant Freddie Mac said Thursday. That marks a fall of nearly a full percentage point from the highs of November,. | The Wall Street Journal | 05/30/2019 | Ben Eisen |
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|  | **DJIA** 25169.88 ▲43.47 0.2%  **NASDAQ**7567.72 ▲0.3%  **10-YR. TREAS.** ▲3/32, YIELD 2.227%  **OIL** $56.59 ▼ $2.22 | The Wall Street Journal | 05/31/2019 |  |
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| What’s News | ♦ U.S. stocks rebounded, with the Dow and S&P 500 both rising 0.2%. The Nasdaq advanced 0.3%. | The Wall Street Journal | 05/31/2019 |  |
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| Trump Prepares Mexico Tariffs | Reacting to what he described as “Mexico’s passive co-operation in allowing this mass incursion,” the president said the tariff on America’s third-largest trading partner would begin at 5% and grow steadily, hitting 25% by Oct. 1 unless Mexico takes satisfactory action to halt the migrants. | The Wall Street Journal | 05/31/2019 | Louise Radnofsky, William Mauldin and David Luhnow |
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| Trade Fight Muddles Fed Plan | Officials see trade tensions as a rising risk to the U.S expansion that complicates their current make-no-moves policy posture, and bond investors are increasingly betting that economic weakness will lead the central bank to cut interest rates to bolster the economy.  Fed officials have already demonstrated their willingness this year to ease policy to defuse looming economic threats. | The Wall Street Journal | 05/31/2019 | Nick Timiraos |

The selloff in the Shanghai stock market has wiped off nearly $2.7 trillion of its value since its January high. Today, the Chinese stock market is now worth only five Apples. *-Bloomberg News, September 12, 2018*

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Prepared by James M. Juengling.

Juengling & Associates