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| **RESOURCE LOG – August 2019** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Some Investors Still See a Path to Higher Yields | The Federal Reserve has cut interest rates for the first time in more than a decade. Inflation remains stubbornly low. And government bond yields are negative in Europe. The Conditions place for U.S. Treasury yields to stay low, pushing down interest rates for a range of borrowers. But over the medium to long term, easy-money policies from the Fed could potentially drive up inflation, a main threat to the value of longer-term bonds.  In what for the Fed is a potentially bad sign, the European Central Bank and the Bank of Japan have taken extraordinary measures to boost inflation with little success, says Zhiwei Ren, a portfolio manager at Penn Mutual Asset Management. | The Wall Street Journal | 08/01/2019 | Sam Goldfarb |
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| Stocks Drop After Fed Cuts Rates  *Powell says he sees limited need for future stimulus; he ‘let us down’, Trump says* | The Federal Reserve moved to cut interest rates by a quarter-percentage point – the first reduction since 2008 – in a pre-emptive strike to cushion the economy from a global slowdown, and continuing trade tensions.  Stock markets sold off and the dollar strengthened Wednesday afternoon after Fed Chairman Jerome Powell disappointed investors, in his post-decision news conference when he didn’t more explicitly ratify expectations of additional stimulus in the months ahead. The S&P 500 ended the day down 32.80 points, or 1.1%, to 2980.38, snapping a 36-session streak in which the closing index didn’t move more than 1% in either direction. Doubts about future rate cuts also send the yield on the 10-year Treasury note to 2.034%, down from 2.063% on Tuesday… | The Wall Street Journal | 08/01/2019 | Nick Timiraos |
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| Trump Plans New Tariffs on China  *Markets fall as trade conflict escalates; levies would hit nearly all goods in the country* | President Trump moved Thursday to extend tariffs to essentially all Chinese imports, escalating a trade conflict that is poised to hit U.S. consumers in the pocketbook and roiling financial markets.  The new tariffs would take effect Sept. 1 and over $300 billion in Chinese goods…  Wall Street was rattled by the news…  The index closed down 280 points, or 1.1% lower. The S&P 500 slid 0.9% and the technology-heavy Nasdaq Composite lost 0.8%. Oil prices sank almost 8%, their biggest drop since February 2015. | The Wall Street Journal | 08/02/2019 | William Mauldin and Vivian Salama |
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| Bond Yield Hits Lowest Level Since 2016 Vote | The yield on the 10-year U.S. Treasury note recorded its largest one-day decline in more than a year, falling to its lowest level since the 2016 presidential election after President Trump announced new tariffs on Chinese imports.  The 10-year yield, which falls as bond prices rise, settled at 1.894%, down from 2.034% Wednesday. That is its lowest close since 1.867% on Nov. 8, 2016.  Weak economic data and a decline in oil prices then boosted concerns about the outlook for global growth and the Fed’s ability to stimulate inflation.  Bond yields fell further after the Institute for Supply Management said U.S. manufacturing activity slowed in July to the lowest since before the 2016 election… | The Wall Street Journal | 08/02/2019 | Daniel Kruger |
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| Growth Fears Send Copper to Low | Copper sank to a two-year low, as renewed trade hostilities between the U.S. and China reinforced fears about the world economy.  Copper, considered a bell-weather for global growth, lost 3.9% for the week. Such a decline would be the market’s biggest since August 2018, a sign of how the Federal Reserve’s rate cut this week failed to alleviate worries about slowing global growth.  For commodity investors, said Colin Hamilton of BMO Capital Markets, the worry is that they will hit economic growth more broadly and that this in turn will reduce demand for raw materials. | The Wall Street Journal | 08/03-04/2019 | Joe Wallace |
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| Gas Glut Pressures Energy Firms | The world’s largest oil companies are feeling the financial pressure of a global decline in natural-gas prices.  Exxon Mobil Corp.’s second-quarter profit fell 21% as diminished returns for gas and petrochemicals offset production growth in Marica’s hottest oil field, the Permian Basin of Texas and New Mexico.  Exxon’s lower returns mirrored similar results earlier this week from European counterparts, including Royal Dutch Shell PLC. Profits from the company’s global natural-gas segment fell by about half to $1.34 billion…  Natural-gas prices have been falling due to concerns about a glut of the cleaner-burning fuel, driven in part by booming production in the Permian Basin and new export projects ranging from the Texas Gulf Coast to Papua New Guinea. The abundance of the fuel has pushed down prices for liquefied natural gas, as more companies seek to sell cargoes around the world.  Shale companies also have suffered due to the price decrease. | The Wall Street Journal | 08/03-04/2019 | Bradley Olson |
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| Economy Keeps Steady Jobs Gains  *Record U.S. expansion stays on track despite slowing global growth and trade tensions.* | Nonfarm payrolls rose by 164,000 in July, the Labor Department said Friday, The jobless rate last month held steady at 3.7%, near a 50-year low.  Average hourly wages for private-sector workers advanced 3.2% from a year earlier…  A healthy overall job market provides a meaningful counterweight to anemic global growth and trade tensions that prompted the Federal Reserve to cut interest rates Wednesday by a quarter-percentage point | The Wall Street Journal | 08/03-04/2019 | Sarah Chaney |
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| What’s News | ♦ The standoff between Washington and Beijing has cost China its position as the U.S.’s top trading partner, a shift that could accelerate as Trump moves to ratchet up tariffs even more. | The Wall Street Journal | 08/03-04/2019 |  |
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| Trump’s Advisers Opposed China Tariffs | President Trump overruled advisors to ramp up tariffs on China after a heated exchange in which he insisted levies were the best way to make Beijing comply with U.S. demands, according to people familiar with the Matter.  Barring a break in the impasse, the U.S. is now poised to impose 10% tariffs on roughly $200 billion in Chinese imports that aren’t currently taxed starting Sept. 1. Battle lines are hardening in Beijing as well – raising prospects that a deal may be put off until after the U.S. presidential election next year. | The Wall Street Journal | 08/05/2019 | Vivian Salama and Josh Zumbrun |
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| Markets sink as trad ware heats up  *Investors worry about China issues, new threats* | Stocks got clobbered Monday in the biggest rout of the year for the three major indexes as trade tensions between the U.S. and China intensified.  Investors frantically dumped shares after China’s currency, the yuan, weakened sharply against the U.S. dollar, a move seen as a possible retaliation against President Donald Trump’s call last week for more tariffs on Chinese goods.  The Dow Jones Industrial Average dropped 767 points, or 2.9%, to close at around 25,718, while the Standard & Poor’s 500 index tumbled 87 points, or nearly 3%, to end at 2,845.  The tech-heavy Nasdaq composite fell the most of the major indexes, losing 278 points, or 3.46%, to finish at 7,726 on Monday. | USA Today | 08/06/2019 | Janna Herron |
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| U.S., China Escalate Trade War  *Treasury labels Beijing a currency manipulator as China vows to stop buying U.S. farm goods* | The U.S. Treasury labeled China a currency manipulator after the Chinese central bank let the yuan depreciate, capping a day of trade-war escalations that sparked a global fall in financial markets and fears the clash could stall the U.S.’s economic expansion. | The Wall Street Journal | 08/06/2019 | William Mauldin, Nick Timiraos and Paul Kiernan |
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| U.S., China Escalate Trade War  *Markets hit as tensions revive investors’ fears the dispute will cause an economic slowdown* | The Dow Jones Industrial Average fell 767.27 points, or 2.9%, to 25717..74, notching its biggest one-day percentage drop since December. The S&P 500 shed 3% to 2844.74 and the Nasdaq Composite declined 3.5% to 7726.04. All three major U.S. indexes are now virtually even with where they were a year ago.  Among the biggest stock-market decliners Monday were shares of industrial and technology companies that rely on global trade. | The Wall Street Journal | 08/06/2019 | Akane Otani |
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| Fear of Vicious Cycle for Fed  *Re-escalation of trade fight with China adds pressure to cut rates further* | The U.S.-China trade fight has suddenly heated up again, and it now looks as if the Federal Reserve is going to be cutting rates much more deeply than seemed likely just last. | The Wall Street Journal | 08/06/2019 | Justin Lahart |
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| Bond Yields Plummet Globally  *Closely watched debt gauge I at its widest margin since ’07, signaling recession* | Government bond yields plumbed multiyear lows around the world and an important market-based recession indicator flashed new warning signals, spurred by investors’ worries that intensifying trade tensions will drag on the economy.  The yield on the benchmark 10-year Treasury note, which helps set borrowing costs on everything from mortgages to corporate loans, declined Monday for a fourth consecutive session, falling to 1.73% - its lowest close since October 2016. The yield was 1.864% Friday.  “Markets are rightly correcting – they need to readjust to the new outlook for global growth,” said Lisa Shalett, chief investment officer at Morgan Stanley Wealth Management. “We’re definitely in uncharted territory and investors are in for a rocky end of summer.”  The 10-year yield closed at its lowest level since before President Trump’s election… | The Wall Street Journal | 08/06/2019 | Daniel Kruger |
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| Stocks finish higher Tuesday  *Attempt to steady China’s currency calms investors* | Traders on Tuesday brushed off fears of a worsening trade war with China that had sent U.S. stocks spiraling down just a day before China’s move to stabilize its currency helped to calm jittery investors.  The Dow Jones Industrial Average closed up around 312 points, or 1.2%, to nearly 26,030, while the Standard & Poor’s 500 rose 37 points, or 1.3%, to almost 2,882 on Tuesday. The Nasdaq, which suffered the worst blow on Monday, finished 107 points, or 1.4%, higher at 7,833.  Technology stocks, which bore the brunt of Monday’s sell-off, helped drive the market’s broad gains Tuesday. Apple rose 1.3% and Microsoft added 1%. The companies get significant revenue from China and have been highly sensitive to swings in the trade dispute. | USA Today | 08/07/2019 | Janna Herron |
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| China Digs In for Protracted Trade Fight  *Xi has little leeway for concessions that would undercut his strongman image* | The volley-for-volley trade war between China and the U.S. is accelerating at a time when Chinese President Xi Jinping call ill afford to make concessions, raising the likelihood of a protracted struggle between the world’s two biggest economies.  …Beijing believes it can wait for the tariffs to damage the U.S. economy and for the declining U.S. stock market to force President Trump into making concessions, according to officials and policy advisers.  “Trump’s actions have seriously agitated the Chinese leadership, who now realize that there’s no chance of reaching a fair deal with the U.S.,” for the foreseeable future, said Shi Yinhong, an international-relation professor at Beijing’s Renmin University. | The Wall Street Journal | 08/07/2019 | Chao Deng and Chun Han Wong |
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| Stock Traders Expect Choppy Waters | …Goldman Sachs Group Inc., UBS Group AG and other firms are warning investors that markets are likely to get a lot choppier through the rest of the summer and fall.  The S&P 500 roe more than 20% between the end of last year and July  Goldman-Sachs recently cut its full-year earnings growth forecast for the S&P 500 to 3% from 6%, citing slowing economic growth, lower oil prices and weaker-than-expected profit margins, especially in the technology sector.  Given the new tariffs Mr. Trump announced, earnings growth could fall an additional 2%, somewhat offset by expectations that companies will increase prices.  At just below 17 times its forward earnings over the next 12 months, the S&P 500 is trading close to fair value, Wells Fargo said, leaving little upside for further broad market gains as in the first half of the year. | The Wall Street Journal | 08/07/2019 | Michael Wursthorn |
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| Markets Rebound As China Steadies Currency  *Dow, S&P 500 log best day since June after Beijing pauses yuan’s depreciation* | U.S. stocks recouped some of their losses Tuesday after China backed off from a further escalation in the country’s trade and currency dispute with Washington.  The Dow Jones Industrial Average, S&P 500 and Nasdaq Composite all rose at least 1.2%, after suffering their worst day of the year Monday as China let the yuan depreciate.  Investors also dialed back their appetite for less risky assets and sold bonds, pushing yields slightly higher for the first time in five trading sessions. The yield on the 10-year U.S. Treasury climbed to 1.740% from 1.738% a day earlier. | The Wall Street Journal | 08/07/2019 | Michael Wursthorn |
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| Gold Rides The Flight To Safety, Hits $1,500 An Ounce | Gold prices topped $1,500 a troy ounce for the first time in six years, extending a furious summer rally driven by a drop in bond yields and investors’ flight from volatility in global markets.  Several factors are stoking the gains. Many investors are concerned that a trade war between the world’s largest economies will hurt already fragile global growth and drag down the U.S.  A popular destination for nervous investors, gold tends to attract buying during times of economic or political uncertainty | The Wall Street Journal | 08/08/2019 | Ira Iosebashvili and Amrith Ramkumar |
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| New Tax Laws Help Spark Push Into Muni Bonds | The vast majority of taxpayers got federal tax cuts under the law, but 12% of those with incomes greater than $1 million got tax increases.  That is partly because the new law capped at $10,000 the amount of state and local tax bills. Americans could deduct from their federal taxable income. This hit the wallets of some high earners in high-tax states and layered on full burden of state and local income taxes atop federal taxes. | The Wall Street Journal | 08/08/2019 | Heather Gillers and Richard Rubiin |
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| What’s News | ♦ A flight to safety that drove down bond yields globally amid fears about the U.S.-China dispute sparked renewed volatility in stocks, which fell sharply before largely recovering by the close. Gold prices topped $1,500 a troy ounce for the first time in six years. | The Wall Street Journal | 08/08/2019 |  |
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| What’s News | ♦ Central banks in India, New Zealand and Thailand cut rates aggressively as fallout from the U.S.-China trade war intensified. | The Wall Street Journal | 08/08/2019 |  |
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|  | About 58% of the S&P 500 stocks now have yields higher than 10-year Treasuries. Over the past three decades, that percentage averaged 17%. | Barron’s | 08/09/2019 |  |
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| Stock-Market Selloffs Tend to Come in Clusters | Stock declines of 3% or more like Monday’s, while relatively infrequent, tend to occur in clusters when they happen, Instinet analyst Frank Cappelleri found in an analysis this week.  The S&P 500 fell by at least 3% on five separate occasions in 2018, with four of the drops occurring in the final three months of the year.  “The U.S.-China trade war has now escalated into a potential currency war,” Bank of America analysts said in a note.  In other words: Don’t expect the market to settle into a lull anytime soon. | The Wall Street Journal | 08/09/2019 | Akane Otani |
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| Dow Soars As Beijing Allays Fear On Yuan | The Dow Jones Industrial Average climbed 371 points and investors sold safer assets such as bonds and gold after China’s latest currency move eased concerns that its trade fight with the U.S. was about to morph into an all-out currency war.  Stocks advanced globally after China’s central bank decided to fix the midpoint for onshore yuan trading at a less aggressive level than analysts had expected.  “Investors’ new daily ritual will be watching the daily fixed rate on the yuan,” said Keith Lerner, chief market strategist at SunTrust Advisory Services.  The Dow industrials rose 371.12 points, or 1.4%, to 26378.19, as all 30 stocks in the blue-chip index notched gains,… | The Wall Street Journal | 08/09/2019 | Michael Wursthorn |
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| Trade Tension Sends Markets On Wild Week  *Concerns about growth sparked some of the most volatile sessions of the year* | The stock market ended this week slightly below where it started. But a lot happened from Monday through Friday.  Investors ricocheted between riskier and safer assets, following the advances and retreats of the U.S.-China trade war, and watching warily the emergence of a new front: the currency markets. The big winners were gold and U.S. Treasurys, typical havens in times of trouble.  Friday ended on a down note. President Trump raised the possibility that a meeting with China on trade might be canceled, pressuring stocks. The Dow Jones Industrial Average ended Friday down 0.3% to 26287.44. The S&P 500 dropped 0.7% while the tech-heavy Nasdaq Composite fell 1%.  After all the big swings of recent days, all three major indexes were down less than 1% for the week. | The Wall Street Journal | 08/10-11/2019 | Alexander Osipovich |
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| Political Gambits Add Risk in Europe | In the U.K. and Italy, charismatic right-wing leaders are pursuing bids for greater power that entail clashes with the European Union, potentially disrupting their nations’ economies and Europe’s already faltering growth.  The British economy is taking a hit from the risk of a chaotic Brexit on Halloween, the latest date set for the U.K. to leave the EU.  Some of the U.K. economy’s weakness derives from intensifying global trade conflicts, but the U.K. has a particular problem with weak business investment, which has fallen in five of the past six quarters. | The Wall Street Journal | 08/10-11/2019 | Marcus Walker and Stephen Fidler |
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| Europe’s Autumn of Economic Discontent | In case you missed it while markets were melting down over the U.S.-China trade war, Europe’s economy is hitting the skids. Dismal recent data with more expected, highlight the baleful consequences of President Trump’s hostility to global trade – but also Europe’s chronic refusal to help itself.  The week’s downbeat German signals are bad enough. Industrial production fell 5.2% year-on-year in June, the worst decline since 2009. A survey of managers found a gloomy outlook for the next few months.  The United Kingdoms economy contracted in the second quarter at an annualized rate of 0.8%. France is perched on a knife edge after disappointing GDP growth in the second quarter…  In France, Mr. Macron has overhauled labor regulations to good effect. But deeper reforms, especially in public spending, are stalling in both countries.  Instead, economic stimulus in the eurozone will come from the European Central Bank. ECB President Mario Draghi is expected to make one last push for monetary easing in September before he hands off to successor Christine Lagarde in November, perhaps cutting the ECB’s already negative policy rate and reviving bond purchases under the dormant quantitative easing program. | The Wall Street Journal | 08/10-11/2019 | Opinion |
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| The Turn in the Yield Curve | Am market barometer of the risk of future recessions is sounding its loudest warning since April 2007, months before the start of the last financial crisis.  Shorter-term bond yields have climbed above longer-term ones, a phenomenon known as an inverted yield curve. That tends to happen ahead of recessions. Yet economic growth remains steady and the labor market strong, stoking debate among investors about what the signal means.  An inverted curve indicates that investors expect lower interest rates – and thus growth and inflation – down the road than they anticipate in the near future.  Investors also begin to wager that the Red will reduce interest rates, which pulls yields lower.  The yield curve has typically inverted before recessions.  Stocks often continue to gain after the yield curve inverts. This is because short-term yields often rise above longer-term yields well before the economy shows signs of slowing down. | The Wall Street Journal | 08/12/2019 | Daniel Kruger and Peter Santillli |
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| Investors Weigh Specter of Subzero Rates  *Treasurys’ rise brings negative yields, once thought impossible, closer to a reality* | A steep slide in U.S. government-bond yields last week put a spotlight on negative interest rates, a rate phenomenon becoming more common across the developed world that some now fear could reach the U.S.  Now, though, there is more than $15 trillion in government debt around the world with negative yields. That means, essentially, that savers holding these bonds are paying the government to store their money.  So far, the U.S. has avoided that fate. | The Wall Street Journal | 08/12/2019 | Sam Goldfarb and Daniel Kruger |
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| Things Can Change Quickly | After closing at a record 3026 on Friday 07/26/2019, the S&P 500 fell 6.0% in just 6 trading days (through Monday 08/05/2019, its largest 6-day drop since 12/24/2018 when the stock index fell 9.6%. Over the 6 trading days through 08/08/2011, the index lost 13.4%. (source: BTN Research) | By the Numbers | 08/12/2019 |  |
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| Weaker Chinese Currency | In retaliation last week against the U.S., the Chinese government pushed the value of the renminbi down to 14.16 cents on Wednesday 08/07/2019 (its lowest level in 11 years), a negative for American exporters selling to China but a positive for American consumers buying Chinese exports. (source: BTN Research) | By the Numbers | 08/12/2019 |  |
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| Market Swings Spread Past Stocks | Swings across asset classes have mounted in recent days, flashing a warning sing for the stock market.  Fluctuations in oil, bond and currency markets have jumped this month amid trade tensions between the U.S and China and fears of slowing economic growth.  The jump in currency and bond volatility can be a harbinger for stock volatility, said Stuart Kaiser, head of equity derivatives research at UBS Group AG. “That becomes a risk that equity volatility is going to move even further.” | The Wall Street Journal | 08/13/2019 | Gunjan Banerji |
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| Markets’ Diverging Paths Baffle Investors | The S&P 500 and Dow Jones Industrial Average are both less than 6% away from their all-time highs, despite suffering their biggest one-day drop since December last week. And benchmark indexes from Europe to Brazil to Shanghai are all up at least 10% for the year.  The yield on the benchmark 10-year U.S. Treasury note fell to 1.675% Wednesday – a level it hadn’t hit since the month before the 2016 elections. That followed a trio of surprisingly aggressive interest-rate cuts by central banks in the Asia-Pacific region earlier this month.  Brent crude has fallen more than 20% from its April peak. Gold prices, which typically rise when investors are seeking havens, are up nearly 20% for the year.  Among the biggest worries for money managers are the latest escalations in tensions between the U.S and China. | The Wall Street Journal | 08/13/2019 | Akane Otani |
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| Dividends in Spotlight as Bond Yields Drop | Nearly 60% of stocks in the S&P 500 offer a dividend yield of at least 1.7%, according to FactSet, better than the 1.678% yield where 10-year U.S. Treasurys settled Tuesday.  …about 17% S&P 500 stocks have carried dividend yields exceeding those of 10-year Treasurys since 1990.  Investors, meanwhile, have stepped up their flight to haven assets, pushing bond yields down. | The Wall Street Journal | 08/14/2019 | Michael Wursthorn |
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| What’s News | ♦ The Trump administration suspended plans to impose new tariffs on about $156 billion in goods from China, citing concerns about the impact on businesses and consumers ahead of the holiday shopping season. | The Wall Street Journal | 08/14/2019 |  |
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| What’s News | ♦ Stocks, bond yields and commodities jumped in reaction to the move. The S&P 500, Dow and Nasdaq rose 1.5%, 1.4% and 1.9%, respectively. | The Wall Street Journal | 08/14/2019 |  |
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| Stocks, Bonds Flash Warning Signs  *Dow has worst drop in 2019 as Treasury yields flag dangers to economic outlook* | The Dow Jones Industrial Average posted its largest decline this year and government-bond markets sent a fresh warning about the risk of a recession ,highlighting anxiety on Wall Street about the prospects for the decadelong economic expansion.  Weak data out of Germany and China exacerbated fears that the biggest economics around the world, which less than two year ago were growing in sync, are now struggling as the effects of a trade war between America and China become more pronounced. Traders now fear those woes could spill over to the U.S.  The Dow industrials slumped 800.49, led by sharp declines in economically sensitive industries such as banking and manufacturing. | The Wall Street Journal | 08/15/2019 | Corrie Driebusch, Britton O’Daly and Paul J. Davies |
| Global Economic Slowdown Deepens | Warning signs pointing to a deepening global economic slowdown – and the risk of recession – are flashing more brightly.  Many of the biggest troubles are showing up overseas. But stock and bond markets are signaling that the threat of a downturn is spreading to the U.S., the world’s largest economy, now in its longest expansion on record.  The good news is that the U.S. isn’t confronted with severe excesses to unwind, as it was in the Mid-2000s…  Some experts predict that if a recession comes, this time it will be driven by lower business investment. | The Wall Street Journal | 08/15/2019 | Josh Mitchell and Jon Hilsenrath |
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| Ultralong Bonds Are the Real Gamble These Days | Yet again there is a global rush for the longest-dated bonds, pulling down the 30-year Treasury yield Thursday to below 2% for the first time. In the past three months, the soaring price of that bond has led to a return of more than 20%, something that since the 1980s had happened only in the financial collapse in late 2008 and the U.S. credit-rating-downgrade-plus-eurozone-crisis of 2011.  Super low yields on super-long bonds are everywhere; Germany’s 30-year is at minus -0.22%, Japan’s 40-year, at 0.19%, Britain’s 50-year, at 0.94% and Austria’s century bond, at a mere 1.1%. All yield less than inflation.  These yields can’t be justified on the basis of holding the bonds to maturity. To make sense, investors would have to think both that the world will have extremely low interest rates and no inflation for decades and that governments won’t respond by borrowing and spending. That might be true for a while… | The Wall Street Journal | 08/16/2019 | James Mackintosh |
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| Worsening Earnings Outlook Leaves Investors in a Bind | Wall Street analysts have cut their third-quarter profit estimates in recent weeks, presenting a glooming picture for investors already facing a trade war, pockets of economic weakness and ominous signs from the bond market.  At best, earnings for the companies in the S&P 500 will grow 1.5% this year, FactSet projects, far short of estimates from analysts in January for growth of more than 6%. Worse, a few analysts predict earnings could end up contracting for 2019. | The Wall Street Journal | 08/16/2019 | Michael Wursthorn |
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| What’s News | ♦ American shoppers spent strongly in July, helping to counter weakness in U.S. manufacturing resulting from simmering trade tensions and slowing global growth. | The Wall Street Journal | 08/162019 |  |
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| What’s News | ♦ the Dow and S&P 500 rose 0.4% and 0.2%, respectively, after the release of upbeat retail-sales data. The Nasdaq slipped 0.1%. | The Wall Street Journal | 08/16/2019 |  |
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| What’s News | ♦ The ECB will announce stimulus next month that should exceed investor’s expectations , an official said. | The Wall Street Journal | 08/16/2019 |  |
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| Economy Still Sound, Official Says | Federal Reserve Bank of St. Louis President James Bullard said Thursday the trade was between the U.S. and china is fueling uncertainty about the economic outlook but stressed that the domestic economy appears to be on sound footing. | The Wall Street Journal | 08/16/19 | Paul Kiernan |
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| Tariffs Will Hit Wide Range Of Goods  *Consumers will feel the impact starting Sept. 1 despite Trump reprieve for certain categories* | An array of apparel, electronics, watches and sporting goods from China will be hit with levies of 10% starting Sept. 1. While economists say the impact won’t derail the U.S. economy, it would slow fourth-quarter growth.  Beijing wasn’t impressed by the ratcheting back of tariffs, either. “China would have no choice but to take necessary countermeasures.” | The Wall Street Journal | 08/17-18/2019 | Anthony DeBarros and Josh Zumbrun |
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| Stocks Overcome Volatile Week But Investors Remain on Edge | The Dow Jones Industrial Average bounced back from Wednesday’s 800-point selloff with two consecutive sessions of gains and a modest weekly loss. But investors’ lingering fears about a potential recession remain unresolved.  Positive developments around trade and reassurances of extra stimulus from central bankers buoyed markets Friday. The blue-chip index ended the week down 1.5%...  The next big catalyst for the stock and bond markets will likely come next week when Federal Reserve Chairman Jerome Powell is scheduled to speak at the central bank’s annual retreat in Jackson Hole… | The Wall Street Journal | 08/17-18/2019 | Carrie Driebusch |
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| Dollar’s Strength Pressures Markets Broadly  *Commodities, earnings and emerging nations all have been dented by U.S. currency’s rally* | The U.S. currency has continued to grind higher this year …  In July, the greenback rose even after the Federal Reserve cut interest rates for the first time in a decade, defying expectations that lower rates would cut the appeal of U.S. assets to yield-seeking investors.  One key driver of the dollar’s gains has been the relative strength of the U.S. economy… | The Wall Street Journal | 08/19/2019 | Ira Iosebashvili |
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| Fed Caught Between Slowing Economy, Angry President  *Chairman Powell faces scrutiny from markets, White House* | After cutting short-term interest rates in July, Mr. Powell is navigating the Fed toward more rate reductions, though conditions could change. The debate among his Fed colleagues is how much to move rates and when, as well as how to best frame the decision, which will be scrutinized by markets and the White House. | The Wall Street Journal | 08/19/2019 | Nick Timiraos |
| Why a Yield-Curve Inversion May Be Good News for This Lagging Stock Sector | The S&P 500 energy sector has outperformed the broader market 80% of the time in the 12-month period following yield-curve inversions going back to 1965…  Energy stocks in the S&P 500 have fallen 1.2% in 2019…  …combination of disappointing earnings and sliding oil prices.  “Inverted yield curves in the U.S. and elsewhere tell us very little about the timing of future downturns and, for now at least, the economic data are more consistent with a slowdown than a downturn in the world economy,” Simon MacAdam, global economist at Capital Economics, said in a note. | The Wall Street Journal | 08/19/2019 | Akane Otani |
| Trump Is Losing the Trade War With China | Tariffs on China have caused clear harm to the U.S. economy in the short tun. In the second quarter of this year they contributed to the decline in business fixed investment, an they’re likely subtracting about half a percentage point from growth in gross domestic product this year.  In January 2018 China had average tariffs of 8% on imports from the U.S. and the rest of the world. In response to U.S. actions it raised its average tariffs on the U.S. to 20.7% by this June while cutting its tariffs on the rest of the world to 6.7%, according to Chad Bown at the Peterson Institute for International Economics. China has cut its imports from the U.S. but increased its imports from elsewhere. China’s exports to the rest of the world are also growing. | The Wall Street Journal | 08/20/2019 | Jason Furman |
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| Investors Seek Havens as Anxiety Lingers  *While stocks hover near records, signals of a slowdown are also driving safety bets* | Investors are snapping up safer assets including gold, dividend-paying stocks and the Japanese yen, as portfolio managers hedge their bets with major U.S. stock indexes near record highs.  The continued strength of the U.S. economy has buoyed equities. On Monday, the Dow industrials posted their third straight gain, rising 249 points, or almost 1%, to 26135. | The Wall Street Journal | 08/20/2019 | Amrith Ramkumar and Ira Iosebashvili |
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| Bank, Technology Sectors Lift Stocks | The Dow Jones Industrial Average rose 249.78 points, or 1%, to 26135.79. The S&P 500 added 34.97 points, or 1.2%, to 2923.65 and the Nasdaq Composite advanced 106.82 points, or 1.4%, to 8002.81.  The sharp drop in global bond yields throughout 2019 has “given a little insulation to the equity market,” making stocks look attractive even amid a slowdown in earnings growth, said Shannon Saccocia, chief investment officer at Boston Private.  As stocks rose, bond yields rebounded from their recent lows. The yield on the benchmark 10-year U.S. Treasury note rose to 1.603% from 1.540% Friday, although it remained well below the 2.684% where it ended last year.  Bond investors will also be focused on speculation around a major stimulus package from the European Central Bank and German fiscal stimulus, said Commerzbank strategist Rainer Guntermann. | The Wall Street Journal | 08/20/2019 | Akane Otani and Caitlin Ostroff |
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| Traders Turn Against Lower-Rated Junk Bonds | Debt investors are shying away from Junk bonds with lower credit ratings, as concerns about the economic outlook ripple through financial markets.  The amount of extra yield, or spread, that investors demand to hold triple-C rated bonds-among the lowest-rated on the scale – has increased to around 8 percentage points over higher-rated double-B bonds, according to ICE BofAML data.  But issuance of high-yield debt has begun to slow, analysts said, in what could be a harbinger of additional pain for a sector widely perceived to be in constant need of financing and vulnerable to a downturn.  The U S. government-bond rally is a sign that “the global economic outlook has become considerably gloomier,” said Matthew Eagan, a bond fund manager at Loomis, Sayles & Co. In recent months, Loomis Sayles has been adding Treasurys and reducing holdings in riskier bonds, Mr. Eagan said. | The Wall Street Journal | 08/21/19 | Daniel Kruger and Sam Goldfarb |
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| What’s News | ♦ U.S. stocks rose as strong earnings reports from retailers eased some growth fears. The Dow gained 0.9%. | The Wall Street Journal | 08/22/2019 |  |
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| Officials See Few Options if Slowdown Hits | With short-term interest rates already low, the Federal Reserve has little room to cut borrowing costs to spur spending and investment as it usually does in a slowdown. Meantime, the federal debt is exploding, which could hamstring any efforts to boost growth with tax cuts or spending increases.  Further complicating matters, Democrats and Republicans strongly disagree about how best to rev up the economy, with Democrats favoring higher spending and the GOP wanting lower taxes. | The Wall Street Journal | 08/22/2019 | Rebecca Ballhaus and Nick Timiraos |
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| Emerging markets Hold Promise of Bargains | Shares of stocks from India to Russia and South Africa have slid in August, pulling the MSCI Emerging Markets Index down 5.5% for the month. (The S&P 500, in comparison, has fallen 2.7%.)  Analysts have attributed the decline to fears that the U.S.-China trade conflict will slow global growth, as well as worries about the dollar’s extended rally.  Morgan Stanley Wealth Management, which has an overweight rating on emerging-market stocks, is similarly optimistic. It is betting the dollar will top out for the economic cycle sometime in 2019 as domestic growth slows.  The big risk to that bet? That the dollar doesn’t slow its ascent – and that growth slows even more across emerging markets. | The Wall Street Journal | 08/22/2019 | Akane Otani |
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| Ultralong Bonds Find Few Issuers | Germany on Wednesday sold 30-year government bonds at a negative interest rate for the first time, meaning investors are effectively paying the government to hold their money.  In the U.S., yields aren’t negative. But 30-year government bond yields this month fell below 2% for the first time, prompting the Treasury Department to express interest in selling debt with 50- and 100-year maturities. Yields for 30-year government bonds have fallen below zero in the Netherlands, Denmark and Switzerland, and below 1% in the U.K., Portugal and Spain. | The Wall Street Journal | 08/23/2019 | Daniel Kruger and Anna Isaac |
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| Stumbling Global Economies Heighten Fears of Recession | Manufacturing activity is falling in most of the world’s advanced economies, another sign that a deepening global slowdown is weighing on the U.S. expansion.  …said Joe Brusuelas, chief economist for RSM US, a consulting firm. “Further escalation of the trade war risks spillover in the service and household sectors, which could signal a much larger risk of recession in 2020,”…  The International Monetary Fund last month said a sharp deceleration of global trade driven by trade tensions slowed the global economy more than expected in the spring. It forecast global growth, adjusted for inflation, would fall to 3.2% this year from 3.6% last year and 3.8% in 2017. | The Wall Street Journal | 08/23/2019 | Josh Mitchell and Jason Douglas |
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| What’s News | ♦ An index of factory activity in August declined in the U.S., Japan, Germany and the eurozone, HIS Markit said. | The Wall Street Journal | 08/23/2019 |  |
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| Copper Price Falls Toward a Fresh Multiyear Low | The price of copper fell Thursday, putting the metal within striking distance of a fresh multi-year low as weak U.S. manufacturing data added to concern over the health of the global economy.  A Federal Reserve Bank of Kansas City factory index also indicated contraction.  The metal tends to be sensitive to economic data because it is a component in everything from smartphones to refrigerators.  That is a sign that investors have grown increasingly pessimistic on the outlook for the metal amid slowing global growth and a weakening Chinese economy.  China is one of the world’s largest copper consumers, accounting for some 45% of global demand. | The Wall Street Journal | 08/23/20119 | Ira Iosebashvili |
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| U.S., China Ramp Up Trade War  *Stocks, Bond Yields Fall Sharply As Fear of a Slowdown Build* | Stocks, government bond yields and commodities fell in a wild session Friday as anxieties over trade relations with China sparked fresh worries about global growth and the potential for a recession.  The Dow Jones Industrial Average dropped 623.34 points, or 2.4%, after China said it would impose retaliatory tariffs on additional U.S. products and President Trump said he ordered U.S. companies to explore moving businesses out of that country. The yield on the benchmark 10-year U.S. treasury note settled at the lowest level since August 2016, and copper prices tumbled.  The developments marked an escalation of trade tensions between two of the biggest global economies, stoking waves of selling in the stock market… | The Wall Street Journal | 08/24-25/2019 | Gunjan Banerji |
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| What’s News | ♦Powell gave his most forceful warning yet about the risks from escalating trade tensions and the limits to the Fed’s ability to cushion any fallout. | The Wall Street Journal | 08/24-25/2019 |  |
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| It’s Time to Start Worrying About The National Debt | The biggest deficit this year is expected to reach $1 trillion. The government is financing this gap between its outlays and tax revenue by borrowing from American and international investors, selling them Treasury bills and bonds.  In principle, proponents of deficits argue, if the interest rates that the government must pay on its debt are less than the growth rate of GDP, then an economy can run deficits and still grow its way out of the national debt.  The noninterest portion of the budget deficit needs to remain very small relative to GDP for the government to be able to grow its way out of debt.  Under current law, however, the noninterest share of the federal budget deficit is so large that this free-lunch limit won’t be met under current projections. | The Wall Street Journal | 08/24-25/2019 | Valerie Ramey |
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| Stocks, Economic Data Diverge, Fueling Angst | Investors say they are finding it increasingly difficult to reconcile the sustained rise in share prices – even accounting for last week’s big declines – with emerging cracks in the U.S. economy.  Among the warning signs: A key measure of manufacturing activity fell to its lowest level in a decade last week. Consumer confidence slipped to a seven-month low earlier in August, while expectations for corporate profits have fallen so much that analysts say earnings are likely to contract for at least three consecutive quarters in 2019.  Many investors are also worried that the back-and-forth between President Trump and China over trade, as with the Federal Reserve over monetary policy, is heightening pressure on the economy.  And yet even with Friday’s big fall, the major indexes remain near records: the S&P 500 remains up 14% in 2019 and just 5.9% off its highest level ever. | The Wall Street Journal | 08/26/2019 | Akane Otani |
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| Stocks Up on New Trade Optimism | U.S. stocks climbed after President Trump said China wants to reach a trade agreement, signaling a potential de-escalation in tensions between the world’s two largest economies. Markets have swung wilding over the past few days as traders have struggled to make sense of the direction of U.S.-China trade talks.  But the market opened higher Monday after Mr. Trump struck a more conciliatory tone, sending the Dow Jones Industrial Average up 269.93 points, or 1.1%, to 25898.83.  The &SP 500 advanced 31.27 points, or 1.1%, to 2878.38, and the Nasdaq Composite added 101.97 points, or 1.3%, to 7853.74. | The Wall Street Journal | 08/27/2019 | Akane Otani and Caitlin Ostroff |
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| What’s News | ♦ U.S. economic growth cooled in the second quarter, with GDP rising at an annual rate of 2.0%. corporate profits rebounded. | The Wall Street Journal | 08/30/2019 |  |
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| What’s News | ♦ U.S. stocks rallied on hopes for progress on trade talks with China. The Dow and S&P 500 both rose 1.3%. The Nasdaq gained 1.5%. | The Wall Street Journal | 08/30/2019 |  |
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| What’s News | ♦ Foreign investors are piling into U.S. stocks and bonds at the fastest pace in about a year, data show. | The Wall Street Journal | 08/30/2019 |  |
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| German retail sales fall as growth slows  *July decline greater than expected in sign country is on brink of recession* | Germany’s stuttering growth is causing concern among eurozone policymakers, who will consider whether to launch fresh stimulus measures at their next meeting in mid-September.  The eurozone is developing a two-speed economy as rising U.S. -china trade tensions and weakening global demand weigh on Germany and Italy, while France benefits from its stronger domestic demand base.  “the eurozone growth outlook looks weak…and today’s data again confirm a worryingly large, and persistent, undershoot o the ECB’s ‘close to 2 per cent’ inflation goal,” said Chris Hare, an economist at HSBC. | Financial Times | 08/31-09/01/2019 | Sarah Provan |
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| Market’s Rise Caps Dizzying Month | The month was capped by Friday’s quiet session during which the S&P 500 edged up less than 0.1%. That marked a stark contrast to much of August, which was by many measures the most tumultuous period yet for markets in 2019.  Investors grappled with a lack of clarity on core issues like trade and global growth…  Fears about escalating U.S.-China trade tensions sent the broad stock-market index down at least 2.5% on three occasions in August, the most in nearly eight years.  …a refuge from the selling, and the yield on the two-year U.S. Treasury note surpassed that of the 10-year for the first time since 2007 – the starkest sign yet that bond investors fear a recession is on the horizon.  The index is still up 17% for the year and within just 3.3% of July’s record close, ending Friday’s session at 2926.46.  The S&P 500 has historically delivered its poorest return of the year in September, with an average loss of just below 1%, according to Dow Jones Market Data.  Our factor on the stock market’s side: bond yields have fallen to multiyear and even record lows around the world. The yield on the 30-year Treasury bond fell to its lowest level ever in August, while the yield on the 10-year Treasury note ended Friday at 1.503% - down more than a percentage point from the start of the year.  The recent gains in the broader market will likely be temporary, said Michael Hewson, chief market analyst at CMC Markets, who added that he expects new tariffs and weak earnings expectations to put pressure on stocks.  Indexes outside the U.S. didn’t fare much better in August. | The Wall Street Journal | 08/31-09/01/2019 | Akane Otani and Michael Wursthorn |
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| Cheap Gasoline Cheers Consumers, Buoys Economy Amid Strains | Consumer spending has remained on strong footing this year.  Retail sales climbed in July, and Walmart Inc. reported in August that second-quarter sales rose. The labor market remains tight, and wage growth is solid.  Low prices at the pump, brought about by oil prices that have remained between $50 and $60 a barrel, could further bolster consumer sentiment and spending.  Robust spending, which is being fueled in part by low gasoline costs, “mitigates the risk of the downturn in manufacturing, trade and business investment spilling over into an outright recession,” said Brian Coulton, chief economist at Fitch Ratings. | The Wall Street Journal | 08/31-09/01/2019 | Dan Molinski |

“The world is not dangerous because of those who do harm. It’s dangerous because of those who watch and do nothing.” -*Albert Einstein*

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