

**RESOURCE LOG – September 2017**

Article Title	Detail	Publication	Date	Author
Analytics <i>Is The Stock Market Too Hot?</i>	The U.S. is now one of the priciest equity markets in the world, according to data from StarCapital, which ran the numbers on CAPE ratios. The measure, which stands for cyclically adjusted price/earnings ratio, often rises before a bear market, and is now at its highest level since the dotcom bust. Stocks in the developing world are looking cheap by comparison.	Fortune	09/01/2017	
What's News	♦ Economic Data helped push stocks higher, extending a streak of monthly advances. The Dow rose 55.67 points to 21948.10.	The Wall Street Journal	09/01/2017	
September Is Rotten Month for U.S. Stocks	<p>It's that time of year again.</p> <p>The month of September is historically the weakest of the year for the U.S. stock market. Investors shouldn't sell based solely on the calendar, of course, but this seasonal quirk is another reason to be wary heading into what could be a busy month for traders.</p> <p>The S&amp;P 500 has averaged a monthly decline of 0.5% in September since 1950, according to the Stock Trader's Almanac, by far the worst month. June and August come in a distant second and third, averaging essentially flat long-term monthly performance.</p>	The Wall Street Journal	09/01/2017	Chris Dieterich
Low Wage Growth Challenges Fed <i>Steady jobs gains have yet to yield big pay rises, complicating the Fed's plan to hike rates</i>	<p>The unemployment rate ticked up from a 16-year low to 4.4% and wages failed to break out, rising 2.5% from a year earlier for the fifth straight months.</p> <p>...many economists and the Fed expect growth to come in just above 2% for the full year. Economic growth hasn't topped 3% for a calendar year since 2005.</p> <p>The University of Michigan's gauge of consumer sentiment rose in August, and is trending nears the highest levels since 2000.</p>	The Wall Street Journal	09/02-03/2017	Eric Morath and Nick Timiraos
What's News	♦ The Nasdaq rose to its biggest weekly gain of the year. The Dow climbed 39.46 points to 21987.56 Friday.	The Wall Street Journal	09/02-03/2014	
The Outlook for Crude: Lower for Longer <i>Banks in survey again cut forecast amid doubts about OPEC and rising U.S. output</i>	<p>Banks have cut their forecasts on oil prices for a fourth consecutive month, as markets brace for more supply when OPEC's agreement to cap output is expected to end next year.</p> <p>...The Wall Street Journal at the end of August, predicted that Brent crude, the international benchmark, will average \$54 a barrel next year, down \$1 from the July survey.</p> <p>On Friday, Brent crude fell 0.2%, to \$52.75 a barrel, while West Texas Intermediate rose 0.1%, to \$47.29.</p> <p>Fundamentals have been going oil producers' way in recent months as inventory levels fall.</p> <p>Despite this bullish data, analysts don't believe prices will be heading much higher.</p>	The Wall Street Journal	09/02-03/2017	Marina Force

<p>Stock Investors Hedge as Autumn Nears</p> <p><i>A typically choppy season for market has participants readying for a bout of volatility</i></p>	<p>October ranks as the month that has had the most deviation in price moves in the S&amp;P 500 index, according to data from WSJ Market Data Group going back to 1928.</p> <p>September and November follow, the data show. Stocks plunged in October 2014 as the Federal Reserve concluded quantitative easing. In September 2008, markets descended into turmoil amid the financial crisis.</p>	The Wall Street Journal	09/05/2017	Gunjan Banerji
<p>Years After Crisis, Hunt Is Ending For 'Black Swans'</p>	<p>The term black swan was popularized by writer and academic Nassim Nicholas Taleb to describe extreme events that are difficult to predict and more likely to happen than forecast.</p> <p>Historically high stock valuations, increased consumer leverage and extraordinary central-bank stimulus are among the factors that some money managers believe make a black=swan event more likely than at any time since the financial crisis, which sent stock, credit and commodity markets plummeting.</p>	The Wall Street Journal	09/06/2017	Jon Sindreu and Laurence Fletcher
<p>What's News</p>	<p>◆ The Dow slid 234.25 to 21753.31 as banking and insurance shares tumbled amid concerns about low inflation, North Korea and Hurricane Irma. Treasurys and gold rallied.</p>	The Wall Street Journal	09/06/2017	
<p>Inflation and Growth Go Separate Ways</p> <p><i>Economies pick up but prices stall in shift with broad policy-making, market implications</i></p>	<p>The world's biggest economies are chalking up stronger growth. Yet what was once thought to be growth's constant companion is puzzlingly missing: inflation.</p> <p>The U.S. economy grew at an annualized 3% in the second quarter, but in July consumer-price inflation advanced only 1.7% from the previous year.</p> <p>Japan's economy grew by an annualized 4% in the same quarter, for its longest expansion since 2006. Yet inflation hovers around zero, as it has for most of two decades. Eurozone inflation is stuck at 1.5% despite the bloc's recovery.</p> <p>Standard economics teaches that prices are ultimately set by supply and demand. When growth is strong, people demand more products and companies need to offer better pay to hire more workers, and so prices to up.</p> <p>But there are signs the relationship is broken. If it is, the consequences are vast for economic policy making and financial markets.</p> <p>Explanations for the breakup of the growth-inflation marriage abound.</p>	The Wall Street Journal	09/07/2017	Jon Sindreu
<p>The Euro's Brisk Advance Hinders ECB</p> <p><i>Central-bank concerns include 'overshooting' exchange rate and below-target inflation</i></p>	<p>This year the euro has been on a tear, rising 13% against the dollar, helped by a round of good economic data and as concerns over political risk in the region decline. The dollar's recent broader weakness has also helped.</p> <p>Among the possible concerns for a central bank: A stronger currency drags down import prices, reducing inflation at a time when regional price-growth is still below the ECB's target.</p>	The Wall Street Journal	09/07/2017	Mike Bird

Treasury Yield Hits Its Lowest Since Vote	<p>A two-month rally in U.S. government bonds picked up momentum, sending the yield on the 10-year note to a post-election low.</p> <p>The yield on the 10-year Treasury note settled at 2.061% on Thursday, compared with 2.108% Wednesday. It was lowest close since Nov. 8 Election Day, when it settled at 1.86%.</p> <p>Yields fall when bond prices rise.</p>	The Wall Street Journal	09/08/2017	Sam Goldfarb
Dangerous Words for Investors To Buy Into: Inflation Is Dead	<p>The price to start is with the bond yield curve, the extra yield on offer for holding longer-maturity Treasurys. The curve has been flattening and 10-year bonds now offer just 0.77 percentage point more than two-year bonds, usually a bad sign.</p> <p>Recession eventually arrived, after the yield curve turned negative, but for now it is consistent with the U.S. being in the late stages of the economic cycle.</p>	The Wall Street Journal	09/08/2017	James Mackintosh
Stocks Jump as Dark Clouds Recede <i>Dow tops 22000 as concerns over Irma and North Korea ebb; Treasury yields rise</i>	<p>The S&amp;P 500 hit a record and the Dow Jones Industrial Average closed above 22000 for the first time in nearly a month, as investors' fears about North Korea and Hurricane Irma eased.</p> <p>The gains sent the Dow up 259.58 points, or 1.2%, to 22057.37, its biggest one-day gain in six months.</p> <p>The S&amp;P 500 rose 26.68 points, or 1.1%, to 2488.11...</p> <p>Government-bond prices declined, pushing up yields. The yield on the 10-year U.S. Treasury note rose to 2.125% ...</p> <p>Gold, another traditional haven for money managers, fell 1.1% Monday.</p>	The Wall Street Journal	09/12/2017	Corrie Driebusch and Marina Forge
Skepticism Fails to Detail Stock Rally <i>Reasons multiply for the bull to tire, but none drive investors to exits</i>	<p>Even with stocks rebounding relatively quickly from pull-backs this year, investors have generally been lukewarm about the stock rally. The share of bond managers who have positioned their portfolios to be underweight U.S. stocks – or holding a smaller share of U.S. stocks in a portfolio relative to its benchmark – rose to a 10-year high in September...</p> <p>Some investors and analysts say it is the length of the stock rally – and its largely uninterrupted nature – that concerns them.</p> <p>And investors' skepticism has yet to detail the stock rally. The S&amp;P 500 is up 12% this year; the Nasdaq is up 20%.</p>	The Wall Street Journal	09/13/2017	Akane Otani
What's News	<p>◆ The Dow notched its 37<sup>th</sup> record of the year, rising 39.32 points to 22158.18, lifted by energy shares.</p>	The Wall Street Journal	09/14/2017	
An Inflation Shock Could Hurt Bond Bulls	<p>As long as growth remains robust and unemployment continues falling, it will be hard for central bankers to give up the idea that inflation shortfalls are temporary.</p> <p>The hopes of bond bears have been disappointed this year. But if growth holds up, then it is hard to believe already-skinny bond yields have much room to fall. And if inflation shows any signs of life, then the correction could be sharp.</p>	The Wall Street Journal	09/14/2017	Richard Barley

What's News	◆The Dow set its third record of the week, rising 45.30 points to 22203.48, as other indexes edged down.	The Wall Street Journal	09/15/2017	
What's News	◆ U.S. consumer prices rebounded in August, a move that could nudge the Fed closer to raising rates.	The Wall Street Journal	09/15/2017	
What's News	◆ The Bank of England signaled it is preparing to raise rates to restrain accelerating inflation.	The Wall Street Journal	09/15/2017	
Inflation Rebounds Ahead of Fed Meeting	U.S. consumer prices rebounded in August, a sign of economic vigor that could nudge the Federal Reserve closer to raising a key interest rate.  The consumer-price index, which measures what Americans pay for everything from medicine to cars, grew 0.4% from a month earlier, the biggest jump since January, the Labor Department said on Thursday.	The Wall Street Journal	09/15/2017	Josh Mitchell
Stocks Pricey Amid Low Inflation	I have been skeptical of the market's confidence that inflation will stay low as unemployment drops. But another question looms large for investors: Even if inflation has been conquered, does that justify high stock prices?  History confirms the simple view, in that stock valuations have on average been much higher when inflation is below 4% than when it is above.	The Wall Street Journal	09/15/2017	James Mackintosh
What's News	◆ The Dow posted its biggest weekly gain of the year, with the blue-chip index rising 64.86 points Friday to a record 22268.34.	The Wall Street Journal	09/16-17/2017	
More Bad News for the Labor Market	The problem is the disconnect between the workforce and the skills employers are seeking. Finding skilled workers is the most pressing problem for small businesses in recent surveys.  As hiring in the economy shifts toward this low-paid sector and away from the better-compensated ones, it's likely we will see even more downward pressure on wages – a development that wouldn't be welcomed by central bankers.	The Wall Street Journal	09/18/2017	Lev Borodovsky and Colin Barr
What's News	◆ The Dow rose 63.01 points to 22331.35, its fifth-straight record, on gains in industrial and financial stocks.	The Wall Street Journal	09/19/2017	
The Fed Braces For The Great Unwinding <i>Central bank will soon start letting go bonds bought to prop up economy</i>	The Federal Reserve resorted to a series of shock-and-awe stimulus campaigns to stabilize the economy after the financial crisis. Now the Fed is preparing the final move to unwind its support – and it wants to be as boring as possible.  It will do so passively by allowing some bonds to mature without replacing them next month.  But plenty could still go wrong. The central bank has never before had such a large balance sheet or attempted to do this.	The Wall Street Journal	09/19/2017	Nick Timiraos
Markets Uneasy Over Fed Action	Many investors are taking the expected Fed action as a vote of confidence that the economy can grow without persistent support. They add that the Fed has signaled its	The Wall Street Journal	09/20/2017	Daniel Kruger, Akan Otani and Chelsey Dulaney

<p><i>Bonds slump as investors worry about how central bank will unwind balance sheet</i></p>	<p>intentions clearly enough that a disorderly debt-market decline similar to the 2013 “taper tantrum” appears unlikely.</p> <p>Yet U.S. government-debt prices have fallen for seven straight days through Tuesday, pushing up the yield for the benchmark 10-year U.S. Treasury note to 2.239%. Bond yields rise as prices fall.</p>			
<p><i>Fed to Unwind Crisis-Era Stimulus Central bank signals rate rise later this year is on track, as it begins shrinking bond portfolio</i></p>	<p>The Fed left rates unchanged and penciled in one more rate rise in 2017, signaling continued optimism about the economy even though persistently low inflation has prompted some officials to voice greater skepticism about a move the year.</p> <p>Stocks and bond yields moved a little higher after the Fed meeting.</p> <p>While officials’ latest economic projections indicated they still expect to raise rates one more time this year, they also showed rate increases are likely to end at a lower point than they had previously projected.</p>	<p>The Wall Street Journal</p>	<p>09/21/2017</p>	<p>Nick Timiraos</p>
<p><i>S&amp;P Downgrades China’s Credit Rating Firm says high debt level increases risks; move comes as Beijing to shuffle leadership</i></p>	<p>In a statement Thursday, S&amp;P said the downgrade, to A-plus from AA-minus, reflected its assessment that “a prolonged period of strong credit growth has increased China’s economic and financial risks.” The rating and the view of risks in China now match those of Moody’s Investors Service, which lowered China’s rating in May, and Fitch Ratings, which did so in 2013.</p> <p>In a bid to keep the economy on an even keel ahead of the power transition, Beijing has moved aggressively to rein in rampant borrowing this year.</p> <p>...S&amp;P raises a valid concern about China’s credit continuing to expand faster than output, economists and analysts say.</p> <p>Some analysts say the downgrade could make it more expensive for Chinese companies seeking to sell bonds overseas, though it likely will have limited impact on China’s domestic bond market.</p>	<p>The Wall Street Journal</p>	<p>09/22/2017</p>	<p>Lingling Wei</p>
<p><i>Bank Stocks Lift S&amp;P 500, Dow for Week Indexes’ moves are slight despite tensions with North Korea, Fed rate-increase signal</i></p>	<p>The S&amp;P 500 and Dow Jones Industrial Average eked out their second consecutive weekly gains, boosted by a rise in bank shares.</p> <p>In another sign of the calm in the markets, the CBOE Volatility Index, a measure of investors’ expectations for swings in the S&amp;P 500, dropped Friday for the ninth time in 10 trading sessions.</p> <p>The S&amp;P 500 rose 1.62 points, or less than 0.1%, to 2502.22 on Friday, rising less than 0.1% for the week.</p> <p>The Dow industrials fell 9.64 points, or less than 0.1%, on Friday to 22349.59, rising 0.4% for the week.</p> <p>The Nasdaq Composite added 4.23 points, or less than 0.1%, on Friday to 6426.92, but posted a 0.3% weekly decline.</p>	<p>The Wall Street Journal</p>	<p>09/23-24/2017</p>	<p>Georgi Kantchev and Corrie Driebusch</p>

<p>Small-Cap Value Stocks Are Back in Good Graces</p>	<p>Few corners of the U.S. stock market embodied th “Trump bump” more than undervalued shares of small U.S. companies.</p> <p>After lagging behind for much of this year, small-capitalization value stocks are perking up, and analysts are becoming bullish.</p> <p>Fed officials this past week affirmed their view that the U.S. economy is strong enough to support higher interest rates, a plus for small, cheap U.S. stocks.</p>	<p>The Wall Street Journal</p>	<p>09/23-24/2017</p>	<p>Chris Dieterich</p>
<p>Warning Signs About the Global Economy <i>The former governor of the Bank of England says total debt is troublesome</i></p>	<p>A decade on, one might expect that leverage would have been significantly reduced. And in the majority of large banks, that is indeed true. But the opposite is the case for much of the rest of our economy. Indeed, total debt relative to gross domestic product is higher now than it was immediately before the crisis.</p> <p>At the end of 2016, according to figures produced by the Bank for International Settlements, household and corporate debt in the world economy, as a share of GDP, amounted to 138%, compared with 115% at the end of 2007. For advanced economies, that ratio averaged 195% last year, compared with 183% at the end of 2007. And, with only a few exceptions, in most countries public debt rose significantly over the same period. So, indebtedness in the world is higher today than it was at the start of the financial crisis.</p> <p>Unsustainably low interest rates over a long period have led to a significant imbalance in economies around the world.</p> <p>Rising interest rates will reveal the true state of balance sheets that has been concealed by accounting rules that allow loans to be valued at their full value, provided those loans are currently being serviced.</p> <p>As we have seen many times over the past century – from the financial crisis at the outbreak of the First World War to the events of 2007-08 – markets sometimes wake up to the true position at the last moment, and then seemingly small events can trigger a sharp change in sentiment and asset values.</p>	<p>The Wall Street Journal</p>	<p>09/25/2017</p>	<p>Mervyn King</p>
<p>Shh. You’ll Wake the Stock Market</p>	<p>The S&amp;P 500 moved in a range of just 12.31 points, or less than 0.5%, last week, the lowest percentage move in 45 years. Stocks showed a touch of life Monday but markets remained relatively quiet.</p>	<p>The Wall Street Journal</p>	<p>09/26/2017</p>	
<p>Emerging Markets Can Withstand Fed’s Rate-Rise Plans</p>	<p>It has been a hot year for emerging-market investments. With the U.S. Federal Reserve reaffirming its plans for rising rates, that might be cause for nerves. But the thing investors need to remember is just how long emerging markets spent out in the cold.</p> <p>The gains in 2017 are remarkable. The MSCI emerging-market stock index is up 26% this year through Monday, while J.P. Morgan Chase’s EMBI sovereign-bond index has returned 9%.</p> <p>The Institute of International Finance estimates emerging-market growth of 5.4% annualized in the third quarter. China is the obvious risk to this picture...</p>	<p>The Wall Street Journal</p>	<p>09/27/2017</p>	<p>Richard Barley</p>

	<p>A crucial factor is that emerging markets already have been through an enormous test in the past few years.</p> <p>The Fed's apparent desire to push on with tightening policy may give emerging markets a pause. But if global growth continues, then a pause is all it should be.</p>			
A Tax Cut's Unintended Result	<p>Lower individual tax rates, particularly those aimed at the middle class, should increase sales at consumer-facing companies.</p> <p>But interest rates would likely head higher as the Fed took a more hawkish turn, hurting many of the companies that would benefit from a tax cut.</p> <p>Investors could struggle to find places to put their wind-fall to work.</p>	The Wall Street Journal	09/27/2017	Justin Lahart
Yellen Firm on Rates; Inflation a 'Mystery'	<p>Ms. Yellen and her colleagues have been grappling with subdued inflation despite a growing economy and vigorous labor market. That has presented officials with a dilemma: The weak inflation readings could be a sign that interest rates should remain lower than anticipated, yet keeping interest rates low for too long could cause inflation to grow too rapidly and inflate new financial bubbles.</p> <p>Inflation, under the Fed's preferred measure, has undershot the central bank's 2% target for much of the past five years.</p> <p>Ms. Yellen's speech boosted market expectations of a rate increase at the Fed's December meeting.</p> <p>How to respond to weak price growth has been a burning topic among Fed officials.</p>	The Wall Street Journal	09/27/2017	David Harrison
What's News	<p>◆ U.S. stocks rose, buoyed by financial and technology shares. The Dow closed up 56.39 points at 22340.71.</p>	The Wall Street Journal	09/28/2017	
What's News	<p>◆ Trump and GOP leaders proposed sharply reducing tax rates on businesses and many individuals, kicking off a major legislative push to overhaul the tax code.</p>	The Wall Street Journal	09/28/2017	
What's News	<p>◆ The Dow rose 23.89 points to 22405.09 on Friday.</p>	The Wall Street Journal	09/30-Oct. 1/2017	
Stocks and Dollar Regain Their Edge	<p>The "Trump trade" is making a comeback, reflecting investors' renewed belief in the strength of the U.S. economy and hopes for business-boosting policy from Washington.</p> <p>U.S. stocks keep chugging higher. The S&amp;P 500 has risen 4% since June 30... The Dow Jones Industrial Average added 4.9% in the third quarter, ...</p> <p>In a throwback to the early days after President Donald Trump was elected, shares of U.S. banks and industrial companies are climbing and small-capitalization stocks are in record territory, while Treasury bonds and their stock-market proxies have fallen out of favor.</p>	The Wall Street Journal	09/30-Oct. 1/2017	Akane Otani

"The whole problem with the world is that fools and fanatics are always so certain of themselves, and wise people, so full of doubts." Bertrand Russell

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