

**RESOURCE LOG – October 2017**

Article Title	Detail	Publication	Date	Author
Treasury Yields Rise For Month	<p>The yield on the benchmark 10-year Treasury note rose to 2.328% from 2.309% Thursday and 2.122% at the end of August, capping its biggest one-month gain since November.</p> <p>Yields gained after data showed the Chicago purchasing manager index hit its highest level in three months, a sign of optimism among companies about business conditions.</p> <p>Signs of progress by Republicans in congress toward a broad overhaul of the tax code have helped buoy yields this past week.</p>	The Wall Street Journal	09/30 – 10/01/17	Gunjan Banerji
U.S. Bond Yields Increase as Inflation Shows Signs of Life	<p>Bond investors are starting to believe in inflation again.</p> <p>The yield on the benchmark 10-year U.S. Treasury note settled at 2.328% Friday ...</p> <p>Yields soared into the end of 2016 as investors bet that Trump administration policies would spark a surge of growth and inflation. The reflation trade petered out, however, after inflation remained tepid and the administration's legislative agenda stalled, with the 10-year yield posting declines in each of this year's prior quarters.</p> <p>The 10-year government yield has spent the past six months locked in a range near 2.25%...</p> <p>Yields in the government-bond market indicate that investors are now forecasting inflation will average 1.8% during the next five years, approaching the 2% level reached in the wake of the election.</p>	The Wall Street Journal	10/02/2017	Daniel Kruger
What's News	♦ Oil prices bounced back in the third quarter on strong demand for crude and signs of ebbing U.S. output.	The Wall Street Journal	10/02/2017	
Emerging Markets Have a Torrid Year, But Investors Wary	<p>Emerging-market stocks are on pace for their best year since 2009, but more investors are seeking protection against a possible downturn.</p> <p>Stocks in emerging markets rose 6.6% in the third quarter. That brings this year's gains to 25%...</p> <p>The Rally reflects faster earnings growth, a weaker dollar and easy global monetary policies that make riskier investments more attractive.</p>	The Wall Street Journal	10/02/2017	Carolyn Cui
Japanese Stocks Surge, but Skeptic Abound	<p>Global investors are betting that Japan is on course to pull out of its long economic slump, reflecting hopes that growth is accelerating world-wise and sending stocks to multiyear highs.</p> <p>Japan's economy, the world's third largest, expanded at its fastest pace in two years in the second quarter and is on its longest growth streak in more than a decade...</p>	The Wall Street Journal	10/03/2017	Ira Iosebashvili & Kosaku Narioka
What's News	♦ U.S. stocks set records, boosted by strong factory data. The Dow rose 152.51 points to 22557.60.	The Wall Street Journal	10/03/2017	

What's News	♦ U.S. stocks extended gains, boosted by the car-sales data. The Dow rose 84.07 points to 22641.67.	The Wall Street Journal	10/04/2017	
Trump Comments Slam Puerto Rico Debt <i>Remarks on wiping out load are wake-up call in investors, turn decline into a rout</i>	<p>Puerto Rico's benchmark general obligation bonds maturing in 2035 traded at record lows of 30 cents on the dollar Wednesday...</p> <p>Even after a March decision by a federal oversight board to reduce the amount paid to bond-holders over the next 10 years by 75%, bond prices didn't drop precipitously as investors held out hope for better terms.</p> <p>All that changed Tuesday evening as Mr. Trump set off a broad sale in the bonds when he said the U.S. territory's \$73 billion debt load may get wiped out to help the island recover from Maria.</p>	The Wall Street Journal	10/05/2017	Heather Gillers
The Action Behind Stock Market's Calm	<p>Formerly out-of-favor U.S. stocks are rocketing higher, Treasury-bond prices are slumping and the dollar is staging a rebound. These shifts could dominate global financial markets in the final three months of 2017, investors say.</p> <p>Key to the pivot is a new-found anticipation that global central banks will pare back stimulus efforts put in place to bolster economic growth.</p> <p>Investors say to expect selling in the year's best-performing U.S. stock sectors, such as technology, while investors funnel new money into cheaper industrial and energy stocks.</p> <p>Small-cap U.S. stocks have climbed nearly 7% over the past month, as measured by the Russell 2000 index...</p> <p>Another factor is the prospect that Congress will implement a tax-policy overhaul. Small U.S. companies tend to pay higher effective tax rates and thus are poised to benefit most from lower corporate-tax rates.</p>	The Wall Street Journal	10/05/2017	Chris Dieterich
Stocks Extend Record Run, Investors Wonder How It Ends	<p>Stocks continue their steady march higher, notching milestones not seen in more than 20 years, yet many investors see few obstacles to the seemingly endless run.</p> <p>The economy keeps growing at a slow but steady pace, corporate earnings remain healthy and investors are betting a tax overhaul will further boost profits.</p> <p>That isn't what many analysts and investors expected coming into this year, when they thought bond yields would rise as the economy heated up and stocks would stall as valuations remained stretched.</p> <p>Instead, bond yields are lower than where they ended last year – the benchmark 10-year U.S. Treasury note stood at 2.352% Thursday, down from 2.446% at the end of 2016 – and inflation remains stubbornly short of the Federal Reserve's 2% target. Stocks have kept climbing. The Dow Jones Industrial Average and Nasdaq Composite also closed at fresh highs Thursday.</p>	The Wall Street Journal	10/06/2017	Daniel Kruger and Akane Otani
Treasury Yield Climbs To Near 3-Month High	Inflation is a primary threat to long-term government bonds because it erodes the purchasing power of their fixed payments and can cause the Fed to raise interest rates.	The Wall Street Journal	10/06/2017	Gunjan Banerji

	On Thursday, the yield on the 10-year Treasury note rose to 2.352%, its highest since July 11, from 2.332% on Wednesday.			
IMF Sees Broad, Digital Future for SDRs	<p>Forget bitcoin, think IMFcoin.</p> <p>Christine Lagarde, IMF managing director,...</p> <p>...at a Bank of England forum last week and put what she said was a “questions mark” over whether SDRs could replace existing international currencies.</p> <p>Dreamed up in the 1960s, SDRs are a kind of artificial currency whose value depends on other currencies.</p> <p>An SDR is a bit like a currency mutual fund for central banks.</p> <p>China – and other emerging markets – would like to diversity their risk away from dollars.</p> <p>SDRs or IMFcoins would allow a much wider group to use the currency, supplanting the dollar in international trade and reducing both the big currency swings that can destabilize countries and the dangers of large current-account deficits. Instead of representing a basket of currencies, the digital SDR would be a currency of its own, albeit one only used for international transactions.</p>	The Wall Street Journal	10/06/2017	James Mackintosh
S&P 500 Rises for Fourth Week in a Row	<p>The S&amp;P 500 slipped Friday but notched its fourth consecutive week of gains.</p> <p>The S&amp;P 500 fell 2.74 points, or 0.1%, to 2549.33 after hitting its sixth consecutive closing high Thursday – its longest streak of records in 20 years; it rose 1.2% for the week.</p> <p>Economic data in the year’s second half has been largely upbeat and corporate earnings are still solid, which has helped U.S. stocks climb even as some investors and analysts have expressed concerns about the length of the rally.</p>	The Wall Street Journal	10/07-08/2017	Akane Otani & Christopher Whittall
What’s News	♦ The U.S. shed 33,000 jobs in September, the first loss in seven years, but the picture was distorted by hurricanes Harvey and Irma.	The Wall Street Journal	10/07-08/2017	
What’s News	♦ The Dow and the S&P 500 slipped Friday but both indexes notched their fourth straight week of gains.	The Wall Street Journal	10/07-08/2017	
Profits Are Storm-Tossed	<p>The coming earnings season is quickly looking weaker than many had expected just weeks ago.</p> <p>S&amp;P 500 companies are expected to report profits grew by 2.8% during the third quarter, down from 5% a month ago, according to FactSet companies.</p> <p>...much of the drop is due to the expected impact of hurricanes Irma and Harvey on insurance companies.</p>	The Wall Street Journal	10/09/2017	Ben Eisen
Is your portfolio TOO LOCAL for a	100% of the time, over the past 30 years, the top-performing equity market has been outside the U.S.	The Wall Street Journal	10/09/2017	Fidelity Investment

GLOBAL ECONOMY?	78% of global GDP comes from non-U.S. countries. Only 26% of the world's publicly traded companies are based in the U.S.			
Ten Years After S&P 500's Pre-Crisis Peak	<p>By the summer of 2007, U.S. investment banks and the Federal Reserve were struggling to contain the fallout from the mortgage meltdown, but many investors were still betting a crisis would be averted. The S&amp;P 500 closed at a record on Oct. 9, 2007. It would be its last until March 2009.</p> <p>Although major indexes are now back at record highs, thanks to a combination of a brightening global outlook, solid earnings growth and still-accommodative monetary policy, some areas of the U.S. stock market have yet to fully recover from the losses they sustained a decade ago.</p> <p>Consumer-Discretionary and technology stocks have led the S&amp;P 500 higher over the past decade, while financial stocks haven't fully recovered.</p> <p>Internet and biotechnology companies have been among the best performers.</p> <p>Some major financial firms and commodities-linked companies have lagged behind.</p>	The Wall Street Journal	10/10/2017	Akan Otani and Tom Destefano
The False Prophet of 'Long-Term Investing'	<p>Those who bought on the day the S&amp;P 500 hit its top on Oct. 9, 2007, and held on through the subsequent panic and market collapse, have more than double their money, including dividends.</p> <p>Academics, central bankers and big money managers worry that companies aren't investing enough, and that it is at least in part because of a dysfunctional finance system. Shareholders with a short-term view encourage management to focus even more on the short run, resulting in sensible long-term projects being ditched to hit quarterly targets.</p>	The Wall Street Journal	10/10/2017	James Mackintosh
Battered Dollar Climbs Back	<p>Investors are buying the U.S. dollar again, betting that an increasingly aggressive Federal Reserve and tumult in European politics will help lift the currency as it rebounds following its longest slide in a decade.</p> <p>The Fed took an unexpectedly aggressive tone when officials signaled they expect four rate increases by the end of next year and the Republican tax overhaul plan spurred hopes for faster U.S. growth.</p> <p>The surprise recovery in the currency highlights the unpredictable turns financial markets have taken this year.</p>	The Wall Street Journal	10/10/2017	Daniel Kruger and Ira Iosebashvili
Global Economic Expansion Exceeds Forecasts, IMF Says	<p>The world economy's acceleration this year has been stronger than earlier estimates, with an upswing under way across nearly all of the world's major economies, the International Monetary Fund said...</p> <p>...the IMF raised its forecast for growth to 3.6% this year and 3.7% next year, an acceleration from the 3.2% growth recorded in 2016.</p> <p>"The current global acceleration is also notable because it is broad-based – more so than at any time since the start of this decade," said the IMF's chief economist, Maurice Obstfeld.</p>	The Wall Street Journal	10/11/2017	Josh Zumbrun

	This year will likely be the strongest since 2014, with most major economies strengthening. Enough may strengthen again in 2018 that it could be the strongest year for growth since 2011, according to IMF projections.			
What's News	♦ Most Fed officials believed at September's meeting that they would raise rates again this year, but inflation questions lingered.	The Wall Street Journal	10/12/2017	
What's News	♦ The IMF said some of the world's largest banks could struggle to remain sufficiently profitable in coming years.	The Wall Street Journal	10/12/2017	
What's News	♦ U.S. stocks indexes set records in quiet trading. The Dow added 42.21 points to close at 22872.89.	The Wall Street Journal	10/12/2017	
Plenty of Froth but Tempered Steps	<p>After an eight-year bull market and the cheapest borrowing costs in history, the big surprise isn't that the stock market is elevated, but that it isn't higher.</p> <p>Where's the irrational exuberance?</p> <p>The simple answer is that after the dot-com bubble of 2000 and the housing and credit bubble of 2007, it's hard to tempt the wider public into believing in market magic.</p> <p>On Friday, the University of Michigan consumer sentiment index came in at its highest since 2004...</p>	The Wall Street Journal	10/17/2017	James Mackintosh
Market's Unlucky-Sevens Streak in Danger <i>The rise of blue-chip stocks this year since the start of August defies the trend</i>	<p>Unless the rising stock market suddenly slams into reverse, a pattern for U.S. blue-chips that has held for 130 years is about to end.</p> <p>For the past 13 times that a year had ended in seven, going back to 1887, the Dow Jones Industrial Average or its predecessor has suffered a sharp downturn at some point between August and November. The average drawdown has been a little over 13%, according to the research firm Leuthold Group.</p> <p>The most memorable of those drops was 30 years ago this Thursday. The 1987 stock-market crash sent the Dow tumbling 22.6%, its worst single-day percentage loss ever.</p> <p>Now this streak looks to be in jeopardy. August this year was a fairly calm month, and September and the first half of October have broken multidecade records for their lack of volatility.</p> <p>The blue-chip index is up 16% year to date, which would upend another trade that has been favored by market timers. The year after a presidential election has been the worst for the Dow or its predecessors of the four-year presidential cycle, with a gain of just 2.5% on average since 1833, according to the Stock Trader's Almanac.</p>	The Wall Street Journal	10/18/2017	Spencer Jakab
IBM Puts Dow Atop 23000 at Close	<p>The Dow Jones Industrial Average closed above 23000 for the first time, driven by soaring shares of International Business Machines.</p> <p>The Dow industrials rose 160.16 points, or 0.7%, to 23157.60 in its largest one-day advance in five weeks.</p>	The Wall Street Journal	10/19/2017	Amrith Ramkumar and Riva Gold

	<p>Third-quarter earnings season has gotten off to a strong start, investors say.</p> <p>Expectations for U.S. tax cuts have also delivered a boost to Wall Street in recent sessions, some analysts say.</p>			
What's News	♦ Trading volume has fallen this year even as stock indexes set records amid low volatility and the rise of passive investing.	The Wall Street Journal	10/20/2017	
Trading Sinks, Stoking Fears <i>As stocks keep rising, low volume in U.S. and Europe suggests investors are skeptical</i>	The muted trading volume could signal that investors are holding back amid skepticism that stocks have further to climb – or that they are so confident they feel no need to sell.	The Wall Street Journal	10/20/2017	Riva Gold
Treasury Yield Rises to Highest Since Early July	<p>U.S. government bonds pulled back Friday as prospects brightened for large tax cuts out of Washington.</p> <p>The yield on the benchmark 10-year Treasury note settled at 2.381% - the highest close since July 7 – compared with 2.323% Thursday...</p> <p>Larger deficits mean the government has to issue more bonds, weighing on the prices of existing debt. Tax cuts can also spur economic growth, causing investors to favor riskier assets, and stoke inflation, which is a main threat to government bonds because it erodes the purchasing power of their fixed payments.</p> <p>Treasury yields have climbed in recent weeks as investors sold bonds for a variety of reasons.</p>	The Wall Street Journal	10/21-22/2017	Sam Goldfarb
What's News	♦ The Dow rose 165.59 points to 23328.63, its 53 <sup>rd</sup> record close of 2017 and the most in a year since 1995.	The Wall Street Journal	10/21-22/2017	
Eurozone Isn't Only Market in ECB Spell	<p>From Switzerland to the Ivory Coast, markets and economies outside the eurozone will feel effects of the European Central Bank unwinding its extraordinary monetary stimulus, a process that is expected to begin this Thursday.</p> <p>The ECB's unwinding could have a knock-on effect on markets, bringing sharp changes to bond markets and currencies outside the eurozone, as investors shift their views on how quickly other central banks will follow and tighten their own monetary policy.</p>	The Wall Street Journal	10/23/2017	Mike Bird
What's News	♦ U.S. stocks fell. The Dow shed 54.67 points to finish at 23273.96, with GE its worst performer.	The Wall Street Journal	10/24/2014	
Japan Stocks Stage a Record Run	<p>Japanese investors celebrated the election victory of Prime Minister Shinzo Abe, driving the country's benchmark stock index to its 15<sup>th</sup> straight gain on Monday, a record streak.</p> <p>Japan's economy marks its longest quarterly expansion streak in 11 years.</p>	The Wall Street Journal	10/24/2017	Source: FactSet

What's News	♦ The Dow surged 167.80 points to 23441.76, boosted by strong results from Caterpillar and 3M.	The Wall Street Journal	10/25/2017	
Yields Hit Milestone as Stimulus Fades <i>Ten-year tops 2.4% as investors see central banks back off from old strategy</i>	<p>Breaching 2.4% marks a milestone for the bond market, some analysts said. Yields have peaked at that level on several occasions as investors swooped in to buy bonds at lower prices. If the yield climbs further, however, it could also prompt more selling.</p> <p>It is the first time the yield has closed above 2.4% since May 11. Yields rise as bond prices fall.</p> <p>The latest gains put the yield within striking distance of where it finished 2016.</p> <p>Bond yields have climbed in recent weeks, spurred by signals that the Federal Reserve will maintain a steady course of interest-rate increases and signs of progress on lawmakers' efforts to overhaul the tax code.</p>	The Wall Street Journal	10/25/2017	Daniel Kruger and Sam Goldfarb
What's News	♦ The Dow tumbled 112 points to 23329.48, its worst day since early September, on weak earnings.	The Wall Street Journal	10/26/2017	
Big Investors Bail on Puerto Rico	A swath of mutual and hedge funds that own some of the island's \$70 billion of bonds are now selling, sending trading volume soaring. Franklin Mutual Advisers has sold its \$294 million stake.	The Wall Street Journal	10/26/2017	
Mutual-Fund Ratings Are Not What They seem	<p>The Wall Street Journal tested Morningstar's ratings by examining the performance of thousands of funds dating back to 2003, shortly after the company began its current system. Funds that earned high star ratings attracted the vast majority of investor dollars. Most of them failed to perform.</p> <p>The falloff in performance was even more dramatic for domestic stock funds, the largest category of U.S. funds by assets.</p> <p>Of funds with a five-star rating, three years later only 14% had performed at a five-star level.</p> <p>Morningstar in 2011 launched a second rating system, currently covering 26% of fund share classes, in which the firm's analysts do a more qualitative assessment. The firm said analysts' ratings reflect its level o conviction that a fund will "outperform its peer group and/or relevant benchmark."</p> <p>The analysts give funds one of three medals – gold, silver or bronze – or a "neutral" or "negative" rating.</p> <p>It found that five years after having a gold-medal rating from Morningstar's analysts, funds had an average rating of 3.4 stars for that five-year period.</p> <p>Silver-medal funds were rated 3.3 stars for their performance over the following five years. Bronze-medal funds had an average rating of 3 stars.</p>	The Wall Street Journal	10/26/2017	Kirsten Grind, Tom McGinty and Sarah Krouse
ECB Trims but Extends Stimulus Steps	The European Central Bank said it would carry on buying government bonds deep into next year but in reduced monthly amounts, a milestone policy shift that signals it will follow the U.S. Federal Reserve on a path toward higher interest rates.	The Wall Street Journal	10/27/2017	Tom Fairless

<i>Bank will buy bonds through September in lower monthly sums; 'softly, softly tapering'</i>	<p>Thursday's decision marks the beginning of the end of a policy tool the ECB adopted to stave off deflation: large-scale purchases of eurozone government bonds, known as quantitative easing, or QE.</p> <p>Europe's strengthening economic recovery is reducing the need for such a stimulus in the ECB's eyes, even though inflation remains weak and well below the bank's target.</p>			
Tech Stocks Fly High Again <i>Rally is a reminder of 2000, but this one is based on companies changing people's lives</i>	"Today is the craziest behavior I have seen since early 2000", said Michael O'Rourke, chief investment strategist at JonesTrading Institutional Services, referring to the year in which the internet boom crested with the Nasdaq hitting 5000, a level it quickly relinquished and wouldn't regain for more than a decade.	The Wall Street Journal	10/28-29/2017	Chris Dieterich
U.S. Economy Picks Up Steam	<p>The U.S. economy posted its best six-month stretch of growth in three years despite two hurricanes, a sign that it might be breaking out of its long-running slow-growth trend, with the help of soaring stock prices and rising business and consumer confidence.</p> <p>Gross domestic product, the broadest measure of goods and services produced in the U.S., expended at a 3% annual rate in the third quarter, the Commerce Department said Friday. That followed 3.1% annual growth in the spring.</p> <p>Though not a boom, that's still the first time since mid-2014 that the economy has strung together two quarters of at least 3% growth.</p>	The Wall Street Journal	10/28-29/2017	Josh Mitchell
What's News	♦ The S&P 500 and Nasdaq set records on strong corporate results. The Dow edged up 33.33 to 23434.19.	The Wall Street Journal	10/28-29-2017	
Inflation: The Slumbering Giant Begins to Stir	<p>Central bankers are slowly unwinding the stimulus that has helped support the epic post-crisis rally in financial markets. Inflation has been quiet throughout, but there are signs it may soon be heard from.</p> <p>Some analysts see the development as the natural next step following a global reflation that began in earnest in mid-2016, just as bond yields were bottoming.</p> <p>U.S. manufacturers are paying more for raw materials, as reflected in the Institute for Supply Management's prices-paid index, which is at its highest level in years.</p> <p>Wholesale inflation is percolating globally with parallel trends in Europe and Asia, a reflection of integrated supply chains.</p> <p>The New York Fed's Underlying Inflation Gauge (UIG) – a measure that captures sustained movements in inflation using a broad set of data- has registered above the consumer-price index (CPI) in recent months.</p>	The Wall Street Journal	10/30/2017	Lev Borodovsky
Surge in Global Stocks Fueled By	Markets around the globe are surging to records, reflecting growing optimism about the world economy and fueling an increasing eagerness by investors to step in and buy assets whenever prices dip.	The Wall Street Journal	10/30/2017	Chris Dieterich, Ben Eisen and Akane Otani



Investors 'Buying the Dip'	<p>The S&amp;P 500 has gone 246 trading days without trading more than 3% below its record high, the longest streak ever for the index...</p> <p>The steady buying in the U.S. has lately spread to Europe, Japan and even developing markets, investors day.</p> <p>The gains reflect both economic optimism and recognition of the strong returns reaped by those who have stayed invested in riskier assets during the rebound from the epic market decline in 2008-2009.</p>			
Investors Boost Reward for Earnings Beats	<p>Share of companies that topped analyst earnings expectations are faring better than they did in the previous quarter, a sign the economic and policy backdrop for stocks looks brighter than only a few weeks ago.</p> <p>About 55% of companies in the S&amp;P 500 that reported both better-than-expected earnings and sales so far for the third quarter have notched a stock-price gain during the trading session that followed...</p> <p>White many investors say earnings are the biggest driver of stock prices over time, it is difficult to pin any one move on a single factor.</p> <p>Investors' faith in the health of American companies has helped send the S&amp;P 500 up roughly 15% so far this year.</p>	The Wall Street Journal	10/31/2017	Michael Wursthorn
What's News	♦ The U.S. saving rate dropped to a 10-year low of 3.1% in September, down from 6.3% two years ago.	The Wall Street Journal	10/31/2017	
What's News	♦ Major stock indexes lost ground, with the Dow falling 85.45 points to 23348.74.	The Wall Street Journal	10/31/2017	
What's News	♦ The Dow climbed 4.3% in October, outperforming both the S&P 500 and the Nasdaq, as a global economic pickup lifted blue-chip from firms.	The Wall Street Journal	11/01/2017	

"There are two things that are important in politics. The first is money and I can't remember the second." *Mark Hanna*

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