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| **RESOURCE LOG – December 2018** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| The Father o the Index Fund Sees a Reckoning Ahead | John Bogle says it’s likely just a matter of time before a handful of firms own half of all U.S. stocks.  Taking Stock: In the past decade, index funds have nearly doubled how much of the U.S. stock market they own. | The Wall Street Journal | 12/01-02/2018 | John C. Bogle |
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| Trump Sets Sights on China After Completing New Nafta | President Trump, after arm-twisting Mexico and Canada to update the region’s free-trade zone, will now turn his attention to the greater challenge of winning concessions from Chinese President Xi Jinping. | The Wall Street Journal | 12/01-02/2019 | Jacob M. Schlesinger and Valentina Pop |
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| Crude Suffers 22% Slide for Month | Oil prices resumed a months-long slide on Friday, briefly dipping below $50 a barrel on fresh doubts about Russia’s commitment to cut crude productions. | The Wall Street Journal | 12/01-02/2019 | Stephanie Yang and Christopher Alessi |
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| Yield on Treasury Note Falls To Near 3% | U.S. government bond prices extended recent gains Friday, causing the yield on the 10-year Treasury note to fall closer to 3%, as investors awaited developments on trade negotiations between the U.S. and China.  The yield on the benchmark 10-year U.S. Treasury note settled at 3.013%, below 3.033% Thursday…  Yields, which fall when bond prices rise, have been trending steadily lower for the past three weeks amid comments from Federal Reserve officials that suggested the central bank may slow the pace of its interest-rate increases next year as it moves closer to the end of its campaign to tighten monetary policy. | The Wall Street Journal | 12/01-02/2018 | Sam Goldfarb |
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| What’s News | ♦ U.S. stocks stabilized in November after a punishing autumn rout, but investors remain apprehensive. Major indexes rose on Friday. | The Wall Street Journal | 12/01-02/2019 |  |
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| G-20 agrees on trade, migration  *China, U.S reach 90-day cease-fire in trade disputes* | Leaders of the world’s top economies agreed Saturday to repair the global trading system as they closed a Group of 20 summit that saw the Trump administration at odds with many allies…  At the same conference, the United States and China reached a 90-day cease-fire in a trade dispute that has rattled financial markets and threatened world economic growth.  The official communique acknowledged flaws in global commerce and called for reforming the World Trade Organization… | Chicago Tribune | 12/02/2018 | Angela Charlton, Luis Andres Henao and Peter Orsi |
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| U.S. Stocks Are at Risk Of Losing Their Mojo | Recent choppy trading in U.S. stocks has revived a years-long debate: Are the best days of the U.S. bull market over, and should investors pivot to cheaper shares overseas?  The S&P 500 is beating the MSCI All Country World Index, excluding U.S. stocks, by about 11% this year in total return terms, a measure that takes dividends into account. But that dominance has looked shaky in recent weeks.  Worries about rising interest rates, trade tensions with China, slumping oil prices and peaking corporate earnings have slammed U.S. stocks over the past two months. | The Wall Street Journal | 12/03/2018 | Mike Bird |
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| U.S. – China Truce Tees Up Sticky Issues | The trade truce between the U.S. and China calms their economic battle and opens a brief window for the two nations to explore whether they can bridge deep divides on a range of difficult disputes.  Those issues include forced technology transfer by U.S. companies doing business in China; intellectual-property protection that the U.S. wants China to strengthen; non-tariff barriers that impede U.S. access to Chinese markets; and cyberespionage. | The Wall Street Journal | 12/03/2018 | Bob Davis |
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| Global Companies Relieved, for Now | The U.S. -China cease-fire over tariffs was greeted with relief by businesses around the world as the two largest economies eased concerns over a possible new Cold War.  The benchmark Shanghai Composite Index has slumped 22% this year through Friday, versus a 3.2% gain for the S&P 500.  Any sustained shift away from the U.S. by foreign investors would be especially welcome in developing countries, whose companies could be able to access cheaper and more plentiful equity capital. | The Wall Street Journal | 12/03/2018 | James T. Areddy, Jesse Newman and Kwanwoo Jun |
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| Markets Send Conflicting Signals | Global stocks and oil prices flew higher Monday after an easing of geopolitical tensions, but bond investors signaled the anxiety that has gripped markets for the past two months has yet to abate.  The divergent market paths emerged after President Trump and Chinese President Xi Jinping reached a deal Saturday to temporarily spare Beijing from tariffs that were planned to go into effect at the start of 2019. Investors received more good news over the weekend when Russia and Saudi Arabia agreed to extend the global cartel’s efforts to stabilize oil markets.  The Dow Jones Industrial Average and S&P 500 both climbed 1.1%, while U.S. crude oil surged 4% - it’s biggest one-day gain since June.  Yet the yield on the 10-year U.S. Treasury note, which typically rises with stocks when investors are optimistic about growth, closed below 3% for the first time since September.  That slide squeezed the difference between 10-year and two-year Treasury yields to around 0.16 percentage points – the narrowest gap since 2007… | The Wall Street Journal | 12/04/2018 | Akane Otani and Georgi Kantchev |
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| Treasury Prices Rise as Equities Sink | U.S. government-bond prices rose Tuesday, pushing the yield on 10-year Treasury notes further below 3%, as investors sought safer investments amid the stock selloff.  The yield on the benchmark 10-year Treasury note fell for a sixth consecutive trading session, settling at 2.921%...  Yields, which fall when bond prices rise, declined along with stock prices as investors – including pensions, individuals and mutual funds – turned to less risky assets amid unsettled markets, analysts said. | The Wall Street Journal | 12/05/2018 | Daniel Kruger |
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| Stocks Tumble As Trade Fears Jolt Investors | The Dow Jones Industrial Average fell nearly 800 points and bond yields plummeted as investors’ doubts over the U.S. China trade truce renewed anxieties about the pace of economic growth.  Investors broadly retreated from stocks, with industrial stalwarts including Boeing and Caterpillar suffering steep losses, handling the blue-chip index its worst session since Oct. 10.  Wanting enthusiasm for the 90-day tariff cease-fire struck over the weekend by China and the U.S. fueled the losses, several investors said… | The Wall Street Journal | 12/05/2018 | Michael Wursthorn |
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| U.S. Vows Tough Stance on Beijing | Trump administration officials said they planned to take a tough stand in their 90-day trade negotiations with China or impose further tariffs, as the optimism over a truce gave way to uncertainties about how the two sides could find agreement on a wide range of issues.  “When people or countries come in to raid the great wealth of our nation, I want them to pay for the privilege of doing so,” he said, adding: “I am a tariff man,” He also noted that the U.S.’s 90-day deadline for negotiations began last weekend. | The Wall Street Journal | 12/05/2018 | Vivian Salama |
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| Oil’s Fall Throws Doubt on Fracker Profit Outlook | The rapid decline of U.S. oil prices will test the claim of fracking companies that they can now prosper at $50 a barrel or less, a price level they have found challenging in the past. | The Wall Street Journal | 12/05/2018 | Bradley Olson and Rebecca Elliott |
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| Uncertainty Is Now a Better Bet | Stocks soared on Monday as markets welcomed the cease-fire over the weekend in the U.S.-China trade spat, only to collapse on Tuesday as hope faded.  The uncertainty is likely to keep hurting the world economy. Companies that were delaying investment decisions are hardly likely to put plans into action on the basis of a temporary truce.  Uncertainty may be part of the U.S. strategy. The theory is twofold. First, China is more reliant on trade, so any damage to trade will hurt the Chinese economy more.  Second, investing in China is a bet on a rules-based global trading system that will protect extended supply chains. Bring that system into doubt and China becomes less attractive to businesses because of the risk of interruption to components or finished goods.  The flip side could be that uncertainty about trade makes investing in the U.S. more attractive.  The theory here would be that the U.S. is the world’s biggest consumer market and companies will want to produce closer to the final destination if they are concerned about global supply chains. | The Wall Street Journal | 12/05/2018 | James Mackintosh |
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| What’s News | ♦ Global stocks slid following deep losses in the U.S. Tuesday. Markets in the U.S. were closed for the national day of mourning. | The Wall Street Journal | 12/06/2018 |  |
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| What’s News | ♦ Economic activity continued to increase across much of the U.S. at the end of fall, a Fed report indicated. | The Wall Street Journal | 12/06/2018 |  |
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| What’s News | ♦ Uncertainty over the fate of Brexit plans is taking a toll on the British economy. | The Wall Street Journal | 12/06/2018 |  |
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| Stock Selloff Extends to Europe, Asia | Global stocks slid following deep losses in the U.S. Tuesday as initial optimism around a trade détente between the U.S. and China faded and concerns around growth in the U.S. resurfaced.  The Stoxx Europe 600 dropped 1.2%. In Asia, Japan’s Nikkei Stock Average closed down 0.55, while Hong Kong’s Hang Send Index lost 1.6%.  “Increases in tariffs have large negative effects while resolution does not undo the harm completely, as economies have difficulty bounding back from the structural changes induced by the tariffs,” the analysts said. | The Wall Street Journal | 12/06/2018 | Avantika Chilkoti |
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| Wild Swings Chill Trading, Vex Investors | The Dow Jones Industrial Average stormed back from a nearly 800-point decline to end Thursday slightly lower, the latest in a series of wild swings rattling investors who worry that continuing volatility could crimp liquidity among stocks, bonds and other assets.  Multiple exchange-traded funds that track bonds have lately been trading at discounts to the net asset value of their bond holdings.  Mohamed El-Erian, chief economic adviser at Allianz and former chief executive at Pacific Investment Management co., said in a Thursday interview in Hong Kong that low liquidity is one of his top concerns in the market now. | The Wall Street Journal | 12/07/2018 | Corrie Driebusch, Daniel Kruger and Michael Wursthorn |
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| The Huawei Trouble Will Spread | Huawei’s chief financial officer at the behest of the American authorities has served as a warning that they shouldn’t get too complacent.  Meng Wanzhou,… was arrested Saturday in Canada in connection with the company’s alleged violation of Iran Sanctions.  Beijing champion the company as one of China’s few truly global brands, and its best bet to dominate the build-out of the next-generation wireless network called 5G. But in Washington, Huawei has been a boogeyman, with myriad accusations against it including spying and cyber theft.  The bad news could now spread to small American suppliers to Huawei. | The Wall Street Journal | 12/07/2018 | Jacky Wong |
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| Fed May Slow Rate Increase Pace | Federal Reserve officials are considering whether to signal a new wait-and-see approach after a likely interest-rate increase at their meeting in December, which could slow d own the pace of rate increases next year.  Officials still think the broad direction of short-term interest rates will be higher in 2019, according to recent interviews…  How they manage this new less-predictable approach will depend in large part on the performance of the economy and markets in the weeks ahead.  On Thursday, the Dow Jones Industrial Average tumbled as much as 785 points before paring those losses.  The blue-chip index ended down 7940 points, or 0.32%, to 24947.67, and the S&P 500 lost 4.11 points, or 0.15%, to 2695.95. | The Wall Street Journal | 12/07/2018 | Nick Timiraos |
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| What’s News | ♦ The U.S. became a net exporter of oil and refined fuels last week for the first time in decades. | The Wall Street Journal | 12/07/2018 |  |
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| What’s News | ♦ The U.S. trade deficit reached its highest level in 10 years in October. | The Wall Street Journal | 12/07/2018 |  |
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| The Great Brexit Breakdown | The chaos in the U.K. is just part of a growing global tension between the economic benefits or integration and the political urge for self-rule  From afar, the spectacle of the U.K. undergoing the national political equivalent of a nervous breakdown has been a source of head-scratching. Many outside of Britain were puzzled by the vote to leave the EU in the first place; they will have been astonished by the unending agonies since.  While a majority of the British people voted for Brexit, their leaders mostly think it’s a terrible idea. | The Wall Street Journal | 12/08-09/2018 | Gerard Baker |
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| Trade Disputes Hitting Global Markets | In a sign of the breadth of the global selloff in stocks, Germany’s main stock index fell into a bear market this past week, the latest benchmark to have tumbled 20% or more from its recent peak.  There is one thing some of global bear markets have in common: They have been caught up in global trade disputes.  Other markets already in bear territory are home to companies exposed to recent trade fights between the U.S. and China. The Shanghai Composite Index, China’s main stock benchmark, went into a bear market in June, followed by Hong Kong’s Hang Seng Index in September and South Korea’s Kospi in October.  “On Europe, we’re still bearish,” said Bessemer Trust’s Chief Investment Strategist Holly MacDonald, who has recently reduced exposure to European assets.  Domestic political uncertainty has hit European stocks hard.  Brexit worries aren’t helping support demand for European stocks either… | The Wall Street Journal | 12/08-09/2018 | Riva Gold |
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| Stocks Tumble to End Volatile Week | Investors’ retreat from U.S. stocks turned into another rout Friday, leaving major indexes down more than 4% for the week as the November jobs report failed to offset persistent anxiety about the U.S.-China trade dispute and the global economic outlook.  The indexes, along with the Nasdaq Composite, suffered their biggest one-week point and percentage declines since March…  The selloff accelerated after Trump administration officials reiterated they plan to take a tough stand in their 90-day trade negotiations with China or impose further tariffs, reigniting concerns about global trade.  The blue-ship index lost 558.72 points, or 2.2%, to 24388.95, and the S&P 500 declined 62.87 points, or 2.3%, to 2633.08. The tech-heavy Nasdaq fell 219.01 points, or 3%, to 6969.25.  The Dow industrials posted a 4.5% weekly loss, while the S&P fell 4.6% and the Nasdaq dropped 4.9%. Those declines are the indexes’ worst start to a December since 2008 when they all tumbled more than 5% in the first four trading sessions of the month.  Utilities, often considered a safety play for their steady dividend yields, were the only sector that rose, adding 0.4%.  U.S. government bond yields fell Friday, with the yield on the benchmark 10-year U.S. Treasury note at 2.851%. Yields rise as bond prices fall. | The Wall Street Journal | 12/08-09/2018 | Corrie Driebusch |
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| Strong Economy Keeps Consumer Sentiment Upbeat | The University of Michigan said Friday its preliminary index of consumer sentiment was 97.5 this month,…  “As long as job and income growth remain strong, rising prices and interest rates will not cause substantial cutbacks in spending” said the survey’s chief economist, Richard Curtin.  Economists expect low joblessness and solid wage growth to support consumer spending during the crucial holiday season. Still, turbulence in the stock market and mounting concerns about global growth pose potential headwinds. | The Wall Street Journal | 12/08-09/2018 | Harriet Torry |
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| Bargain Hunters Bypass Stocks  *Investors no longer hurry to buy when shares fall, weakening a pillar of the market* | An investor trend that has helped buoy stocks over most of the past decade is showing signs of breaking down.  For the first time since the dot-com era, investors are cautious about buying shares after selloffs, raising signals that the longest bull market in U.S. history is in its late stages.  Going back to the 1980’s, the S&P 500 has typically rebounded after posting a weekly loss, such as the punishing setback it suffered last week. This year, that “buy-the-dip “ trend has broken apart. | The Wall Street Journal | 12/10/2019 | Akane Otani |
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| Recession Alarms Aren’t Going Off | Stocks are declining and the gap between long- and short-dated U.S. Treasury securities is shrinking, both notable harbingers of past downturns. Oil prices also have fallen sharply, signaling weaker global demand and a supply glut.  Among the Group of Seven largest developed economies, Germany, Italy and Japan each experienced a decline in economic activity during the three months through September. China’s economy, one of the engines of global growth, also is slowing.  “We find that on several dimensions, the behavior of the data over the last four quarters in the U.S., Eurozone and Japan is completely incongruous with any of the recessions that took place since 1980,” write Pierre Lafourcade and Arend Kapteyn of UBS.  Productivity growth and consumer spending, for example, tend to slow before downturns set in. In the U.S., they’ve picked up. U.S. consumer spending, for example, was up 2.9% in October from a year earlier…  Where there are signs of a possible recession, they have specific reasons. In Italy, the government’s confrontation with the European Union…  Meanwhile, the Bank of England has warned that a disorderly departure from the U. K.-in which the country leaves without a trade deal and must instantly adjust to new tariffs – could push the economy into contraction next year.  “We’re in a slowing, there’s no doubt about it, but it doesn’t feel like something fundamentally is breaking down in the underpinnings of the expansion,” he said in an interview.  The U.S. expansion has already had a long life. In July it will become the longest one on record. That doesn’t mean it will end. Economists are mostly agreed that periods of growth don’t end just because they’ve gone on for a long time.  Plenty could still go wrong for the global economy in 2019, including trade confrontations between major economies that could turn into a new Cold War. But the economic data aren’t saying it has happened yet. | The Wall Street Journal | 12/10/2019 | Paul Hannon and Jon Hilsenrath |
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| Investors Seek Refuge Abroad | Investors are returning to emerging markets, hoping to find bargains after one of the worst selloffs in years.  Flows into developing countries’ stocks and bonds surged in November to $33.9 billion, their highest level since January, data from the Institute of International Finance showed.  The MSCI Emerging Market Index, which measures stock performance, is up about 5% from tis October lows.  After years of double-digit returns, emerging markets have been slammed in 2018 by a host of concerns, from a stubbornly strong dollar to a trade conflict between the U.S. and China. Investors have also been worried that the Federal Reserve will continue raising interest rates in 2019, potentially driving U.S. yields and the dollar higher and dimming the allure of emerging-market assets.  Those concerns are unlikely to dissipate soon. Still, the year’s big declines have made some emerging-market assets comparatively attractive…  Recent developments have increased the appeal of emerging markets, investors said. Some are growing convinced that the Fed may signal a new wait-and-see approach to tightening monetary policy after a widely expected rate increase in December, which could slow the pace of increases next year and limit further gains in the dollar. | The Wall Street Journal | 12/10/2019 | Ira Iosebashvili |
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| May, Macron Dealt Setbacks  *Brexit Vote Is Delayed, Injecting New Doubt* | British Prime Minister Theresa May delayed a critical parliamentary vote on her proposal to leave the European Union, throwing both her government and her plans for the U.K.’s exit from the bloc into disarray. | The Wall Street Journal | 12/11/2018 | Max Colchester |
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| France Pledges Lower Taxes to Quell Anger | French leader Emmanuel Macron took action Monday to put cash in the pockets of everyday French citizens as he confronted the violent antigovernment street demonstrations that have posed the stiffest challenge to his presidency.  The president, in a national TV address Monday, outlines measures including a boost to the minimum wage and cuts in taxes on some pensioners. | The Wall Street Journal | 12/11/2018 | Stacy Meichtry and Noemie Bisserbe |
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| What’s News | ♦ U.S. stocks rose, with the Dow recovering from an early 500-point loss to close up 0.1%, at 24423.25. The S&P 500 and Nasdaq gained 0.2% and 0.7% respectively. | The Wall Street Journal | 12/11/2018 |  |
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| Treasurys Fall as Market Calms Down | Some analysts say yields may have found a floor for now, though it is unclear if they can muster a significant rebound.  Investors flocked to Treasurys in November in large part because of mounting expectations that the U.S. economy is poised for a slowdown.  Still, few economists are predicting a recession, raising questions about whether investors have become overly pessimistic in recent weeks.  One factor determining where yields go from here will likely come next week…  As it stands, the Fed has penciled in three rate increases for 2019.  If “the Fed does suggest a pause, it is going to be tough to get the market to s tart repricing hikes for next year,” said Subadra Rajappa, head of U.S. rates strategy at Société Générale SA.  Noting the uncertainty around the U.K’s plan to exit from the European Union and the tariff battle between the U.S. and China, she added that “it’s not just a U.S. thing – globally there are a lot of risks that we need to get through.” | The Wall Street Journal | 12/112/2019 | Sam Goldfarb |
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| Loans Succumb at Last to Market Gloom | Loans held up for longer partly because, unlike most bonds, they offer floating-rate coupons that are more attractive at times when the Federal Reserve is raising rates. Loans also sit atop corporate capital structures, typically leading to lower losses in bankruptcy proceedings.  But loans aren’t impervious to much of the gloom weighing on markets. Should U.S. economic growth slow considerably next year, as more investors fear, it could lead to more defaults by businesses and a slower pace of rate increases by the Fed. | The Wall Street Journal | 12/12/2019 | Sam Goldfarb |
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| What’s News | ♦ The Dow Jones Industrial Average fell 53.02 points, or 0.2%, to 24370.24. The Nasdaq rose 0.2% and the S&P 500 was little changed. | The Wall Street Journal | 12/12/2018 |  |
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| Shares Rebound as Tensions Ease | U.S. stocks rebounded Wednesday, extending a recent stretch of volatility as signs of easing trade tensions boosted the outlook for global economic growth.  Afternoon trading was again rocky for major indexes, which eased well off their intraday highs in the final 90 minutes of the session.  The Dow Jones Industrial Average ended higher by 157.03 points, or 0.6%, at 24527.27,… | The Wall Street Journal | 12/13/2018 | Amrith Ramkumar and David Hodari |
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| Stock Valuations Fall to Five-Year Lows | Global equity valuations have dropped considerably, with some measures falling to five-year lows or further.  The Stumble in global equity markets this year has outrun a moderation in expectations for earnings growth, leaving stock valuations at their cheapest in about half a decade by some measures.  The forward price-to-earnings ratio for global stocks is at five-year lows, having dropped to about 13.3. That is down from more than 16 in early 2018, according to Fact-Set’s World stock index…  Though P/E ratios have fallen in the U.S., the sharpest proportional declines have come from Europe and china.  Despite the cross-border slump in valuations, the fact that U.S. stocks remain more expensive than their peers elsewhere in the world is making some investors cautious. | The Wall Street Journal | 12/13/2018 | Mike Bird |
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| What’s News | ♦ U.S. stocks rebounded on signs of easing trade tensions. The Dow, the S&P 500 and the Nasdaq gained 0.6%, 0.5% and 0.9%, respectively. | The Wall Street Journal | 12/13/2018 |  |
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|  | **DJIA 24527.27 ▲ 157.03 0.6%**  **NASDAQ 7098.31 ▲ 0.9%**  **10-YR. TREAS. ▼ 8/32, yield 2.908%** | The Wall Street Journal | 12/13/2018 |  |
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| What’s News | ♦ The ECB cut its economic growth forecasts, highlighting risks for Europe even as the central bank ended its massive stimulus program. | The Wall Street Journal | 12/14/2018 |  |
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| Growth Fears Pinch Commodities Prices  *U.S.-China trade conflict, strong dollar drive investors out of raw materials* | Many commodities are on track to notch declines this year, underlining how fears of slowing growth, global-trade tensions and a persistently strong dollar have hammered prices for raw materials.  The Bloomberg Commodity Index is down more than 6% this year.  Driving the declines are fears that trade tensions between the U.S. and China will hit global growth at a time when expansion outside of the U.S. is already lackluster. Investors worry that slowing growth would likely dent demand for commodities, which are used extensively in manufacturing and construction.  …Michael Widmer, a commodities strategist at Bank of America Merrill Lynch. “Large parts of the global economy are now in a challenging environment.”  He said he believes commodity prices will keep drifting lower in the first half of 2019 before stabilizing in the second half of the year, when he expects China to deliver a limited stimulus package.  A stronger dollar has also weighed on prices for raw materials, which are denominated in the U.S. currency and become more expensive to foreign investors when the dollar appreciates.  The WSJ Dollar Index is up 5.4% this year… | The Wall Street Journal | 12/14/2018 | Ira Iosebashvili |
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| Global Slowdown Sparks Worries About U.S. Strength | New evidence that economies in Europe and China are slowing sparked worries that the Malaise could spread to the U.S., driving down stocks and sending the Dow Jones Industrial Average into correction territory for the first time in almost three years.  The Dow fell nearly 500 points, or 2%, its third steepest drop in an already volatile December, after China reported weak industrial production and retail data and a key business index in Europe sank.  Relatively steady U.S. economic indicators, including a robust report on consumer spending from the Commerce Department, haven’t calmed the recent steep market swings.  The divergence between the U.S. and much of the rest of the world has become increasingly pronounced. | The Wall Street Journal | 12/15-16/2019 | Paul Hannon and Josh Zumbrun |
| Record Dividends Buoy Investors  *Last year’s corporate-tax overhaul reduced companies; tax burden, making dividends more attractive.* | U.S. companies are paying out a record amount of dividends this year, helping prop up what has been a turbulent stock market.  More than two dozen companies announced dividend increases so far this month, which will push this year’s total even higher.  Those payouts come as the S&P 500 is on pace to fall 2.8% this year for its first annual loss since 2015, as concerns including a trade spat with China, Federal Reserve interest-rate increases and a sharp drop in oil prices point to the potential for an economic slowdown. | The Wall Street Journal | 12/17/2019 | Michael Wursthorn |
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| Funds Miss Profits Despite Inflows | Hedge funds raised record amounts of money for new launches in 2018, but they are having a harder time turning that bounty into profits.  Hedge funds typically charge higher fees and tout their ability to do better when markets turn volatile.  Yet over the last decade hedge funds have trailed low-cost, passive investment products that track indexes…  A number of hedge funds have announced closures this year. One of the latest is Orchard View Capital Advisors LP… | The Wall Street Journal | 12/18/2019 | Rachael Levy |
| Stock-Market Decline Deepens  *S&P 500, Nasdaq and Dow Industrials each fell more than 7.5% this month alone.* | December’s stock-market rout deepened Monday as a broad selloff sparked by fears ranging from this week’s Federal Reserve meeting to the continuing U.S.-china trade dispute threatens to leave all three major U.S. stock indexes down for 2018.  The Dow Jones Industrial Average finished the session off more than 500 points; all 30 stocks in the index and all 11 sectors in the S&P 500 ended lower.  Worries about rising interest rates, trade frictions and geo-political tensions have curbed risk appetite among investors in recent months. Although the Fed is widely expected to raise interest rates, Wednesday at the conclusion of its policy meeting, investors are bracing for updates on the Fed’s outlook for next year.  Monday’s declines pulled the technology-heavy Nasdaq Composite into the red for the year, while the Russell 2000 index of small-capitalization stocks slumped into bear-market territory, a decline of more than 20% from its Aug. 31 high. US. Crude, meanwhile, settled below $50 a barrel for the first time in 14 months, adding to the unrest in the stock market. | The Wall Street Journal | 12/18/2019 | Jessica Menton |
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| Pension nightmare puts millions at risk  *Consensus hard to find as plans face collapse* | W. Thomas Reeder, director of the Pension Benefit Guaranty Corp., said the federal agency created by the Employee Retirement Income Security Act of 1974 to protect pension benefits currently is looking at $56.2 billion in liabilities connected to multi-employer pension plans but only $2.3 billion in assets.  It’s nearly a $54 billion shortfall, as of Sept. 30.  “We will be out of business without a change in the law by 2025,” Reeder told journalists attending a National Press Foundation fellowship in Washington, D.C…. | USA Today | 12/18/2019 | Susan Tompor |
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| Oil Plunges to 15-Month Low | Oil prices fell to their lowest levels in over a year Tuesday, continuing a precipitous decline spurred by economic uncertainty and growing global supplies.  West Texas Intermediate, the U.S. benchmark, slid 7.3% to $46.24 a barrel on Tuesday, a nearly 40% decline from the roughly four-year highs reached at the start of October. Investors have grown increasingly jittery that slowing global growth will weigh on fuel demand…  The S&P 500, which closed roughly flat Tuesday, is down 13% since the beginning of October, on track for its worst quarterly performance since 2011. | The Wall Street Journal | 12/19/2018 | Stephanie Yang and Amrith Ramkumar |
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| Market Impact Weighs on Fed Decision | In a world of low inflation and slow recuperation from the financial crisis, even small interest rate changes can have outsize effects on markets and the economy.  That is a key dynamic Federal Reserve officials are wrestling with as they prepare another short-term rate increase at their policy meeting this week. With markets unsettled and the economy slowing, the officials are wondering whether they should slow the already-anemic pace of action.  “There’s no textbook on unwinding a balance sheet like this,” said Federal Reserve Bank of Dallas President Robert Kaplan in a Dec. 7 interview. He said the process requires extra “vigilance” in managing policy. | The Wall Street Journal | 12/19/2018 | Nick Timiraos and Rachel Louise Ensign |
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| What’s News | ♦ U.S. stocks bucked the slide in oil prices, with the Dow rising 0.4% and the Nasdaq gaining 0.5%. The S&P 500 was little changed. | The Wall Street Journal | 12/19/2018 |  |
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| Booming Economy Powers Growth… | This year will go down as one of the best of the nine-year U.S. economic expansion and, by some measures, the best in decades.  The unemployment rate, at 3.7% in November, remained at a 49-year low. Economic output rose 3% in the third quarter from a year earlier, a rate of growth exceeded in only three other quarters in the expansion. Inflation, after a long run below the Federal Reserve’s target of 2%, hit the mark without shooting past it. Wage growth picked up.  Many groups often left behind economically enjoyed some of the fruits of growth.  Personal income tax cuts, together with low unemployment, boosted household disposable income and powered strong consumer spending growth.  One sector hit by the Fed’s moves was the interest-sensitive housing market, where sales and construction slowed in 2018.  Mr. Trump expects his tough-on-trade policies to lead to more exports and investment in the U.S. By the end of 2018, however, they helped lead to something else: a global economic slowdown.  Financial markets also started flashing ominous signs. A 2017 rally in stock prices stalled while yields on 2-year U.S. Treasury notes rose to near the yield on 10-year notes, a shift in the “yield curve” that in the past has signaled a recession. | The Wall Street Journal | 12/19/2018 | Jon Hilsenrath |
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| REITs pm Track to Beat Stock Market  *The category is poised to outrun S&P 500 this year for the first time since 2015* | Real-estate investment trusts are on pace this year to outperform the broader stock market for the first time since 2015, as investors seek safety in high-yielding property stocks during the broader equities rout.  These real-estate stocks look poised for another solid year, according to many analysts, as volatility shakes much of the rest of the stock market.  With JPMorgan Chase estimating that REITs will offer dividend yields of 4% next year, that could appeal to investors when broad market indexes are under pressure.  Multifamily, health-care, industrial and some office companies with more exposure to the tight West Coast markets are expected to be the top performers, while retail and storage REITs could struggle, Morgan Stanley said.  Rising interest rates, which erode the advantage of REITs’ dividend payments, hurt real-estate stocks for much of this year. But in the past two months, shares of some property owners enjoyed a powerful rebound. | The Wall Street Journal | 121/19/2018 | Esther Fung |
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| When To Take A Chance On Brexit | Britain has become the outcast of global markets, untouchable for many as the country’s politics descend into chaos.  Start with the bad stuff. A hard Brexit on March 29 is automatic if mothering else is done.  Is the market pricing this risk correctly? Betting market Smarkets puts a 23% chance on a hard Brexit, which seems high.  Sterling is down 12% against the dollar since its April high, but the fall was mostly about a rising dollar. | The Wall Street Journal | 12/19/2018 | James Mackintosh |
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| 10-Year Yield Hits 4-Month Low Point | U.S. government-bond prices rose Tuesday, pushing the yield on the 10-year Treasury note to a nearly four-month low…  The yield on the bench-mark 10-year U.S. Treasury note settled at 2.825%... | The Wall Street Journal | 12/19/2018 | Sam Goldfarb |
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| Markets Shudder After Fed Outlook  *Officials raise rates, but signal pace of increases could slow amid economic uncertainty* | Markets slid after the Federal Reserve voted to raise short-term interest rates on Wednesday, even though the central bank suggested it could slow the pace of increases next year in the face of new headwinds.  Stock markets, which had recorded their largest two- and four-week declines heading into any Fed rate increase, fell after Wednesday’s decision. The Dow industrials slid 352 points, or 1.5%, to close at 23324… | The Wall Street Journal | 12/20/2018 | Nick Timiraos |
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| Fed Lifts rates, says 2 hikes now set for 2019 | The economic outlook hasn’t been quite as rosy lately, and so the Fed is stepping back just a bit.  The Federal Reserve raised its key interest rate Wednesday for a fourth time this year but lowered its forecast to two hikes in 2019 amid the recent stock market sell-off and uncertain growth prospects.  “The economy has continued to perform well,” Fed Chairman Jerome Powell said at a news conference. But, he added, “We have seen developments t hat may signal some softening … In early 2018, we saw a rising trajectory for growth. Today, we see growth moderating ahead.”  As expected, the Fed raised the federal funds rate – which is what banks charge each other for overnight loans – by a quarter point to a range of 2.25 to 2.5 percent. It marked the central bank’s ninth hike since late 2015.  Fed officials are grappling with conflicting forces. On the one hand, the unemployment rate has fallen to a 49-year low of 3.7 percent – traditionally a signal of faster wage growth and inflation.  At the same time, federal tax cuts and spending increases that juiced economic growth this year are set to begin fading in 2019. The Trump administrations’ trade war with China is likely to take a bigger toll on the economy. And the Fed rate hikes themselves are expected to more substantially curtail consumer and business borrowing. | USA Today | 12/20/2018 | Paul Davidson |
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| Investors, Fed Officials Are Out of Sync | Market declines following the Federal Reserve’s actions Wednesday show how investors and Central-bank officials are out of sync on the economic outlook and the impact of recent policy moves.  Several former Fed economists saw the central bank’s messages Wednesday as a major concession in the direction of less aggressive policy. While officials raised their bench-mark rate to a range between 2.25% and 2.5%, several of them lowered the number of rate increases they expect next year, reducing the median to two from three.  But many investors had been looking for the Fed to suggest it might not raise rates at all next year, or at least for a while, due to recent market volatility and the risk it could hurt the economy. Traders sold stocks and bought bonds during Fed Chairman Jerome Powell’s press conference after he firmly pointed to the committee projections that, while less aggressive, still suggest more rate rises. | The Wall Street Journal | 12/21/2018 | Nick Timiraos |
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| What’s News | ♦ U.S. stocks slid as worries mounted about a possible government shut-down and the Fed’s latest rate guidance. The Nasdaq fell 1.6%, teetering on the edge of a bear market, while the Dow and S&P 500 lost 2% and 1.6%, respectively. | The Wall Street Journal | 12/21/2018 |  |
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| Stocks Cap Worst Week Since 2008  *Tech-heavy Nasdaq and Dow industrials suffer biggest weekly declines since financial crisis* | U.S. stocks ended a brutal week on track for their worst month since the financial crisis, the culmination of a fourth-quarter stock-market rout that threatens to halt the longest-ever bull market.  The Nasdaq Composite became the first domino to fall Friday, sliding into a bear market as trading volumes surged to the highest daily level in more than seven years.  The decline of more than 20% from Nasdaq’s Aug. 29 high marks a sharp reversal for the benchmark, which is dominated by the technology giants t hat powered the broader stock market higher…  Investors have long been contending with the possibility that U.S. economic growth will slow next year, raising the specter of a recession. That, along with the fading benefit of the corporate tax cut, the U.S.’s ongoing trade spat with China and a looming government shutdown, have led investors to pare back their riskier investments in an effort to preserve capital ahead of the year’s end.  The Dow industrials and the S&P 500 also slumped, but remain shy of their own bear markets with losses of 16% and 18% respectively, from their highs.  The Dow fell 414.23 points to 22445.37 on Friday, while the S&P 500 slid 50.80 points, or 2.1%, to 2416.62.  “ The Fed is making the case the economy is still good, but there’s so many things investors are worried about,” said Jeff Kravetz, regional investment director at the Private Client Reserve at U.S. Bank Wealth Management… | The Wall Street Journal | 12/22-23/2018 | Michael Wursthorn |
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| Oil Slides to a Fresh Low | U.S. oil prices ended at a fresh 17-month low Friday despite reports that Saudi Arabia would make further production cuts. Light, sweet crude for February delivery ended 0.6% lower at $45.59 a barrel on the New York Mercantile Exchange, the lowest close since July 12, 2017.  Surging U.S. output and worries of weaker growth that would hit demand ended the rally provided by the OPEC deal earlier this month. | The Wall Street Journal | 12/22-23/2018 | Dan Molinski and Christopher Alessi |
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|  | **S&P 2351.10** Closed  **S&P FIN** Closed  **S&P IT** Closed  **DJ Trans** Closed  **WSJ$IDX** ▲0.05%  **LIBOR 3M** 2.813 | The Wall Street Journal | 12/26/2019 |  |
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| Stock Rout Fueled By Market on Auto | Behind the broad, swift market slide of 2018 is an underlying new reality: Roughly 85% of all trading is on autopilot – controlled by machines, models, or passive investing formulas, creating an unprecedented trading herd that moves in unison and blazingly fast.  Since peaking in late September, the S&P 500 index of U.S. stocks has fallen 19.8%. The S&P is down 15% in December alone. It isn’t just stocks. Crude oil stood above $75 a barrel in October. By Christmas Eve it was below computer models rather than research and intuition, account for 28.7% of trading in the stock market, according to data from Tabb Group…  Add to that passive funds, index investors, high-frequency traders, market makers, and others who aren’t buying because they have a fundamental view of a company’s prospects, and you get to around 85% of trading volume, according to Marko Kolanovic of JP Morgan.  Behind the models employed by quants are algorithms, or investment recipes, that automatically buy and sell based on pre-set inputs. Lately, they’re dumping stocks, traders and investors say.  Among the traders today are computers that buy and sell on models, and passive funds that seek only to hold the same securities as everyone else does.  The market of 2018 is a creation years in the making, and would be hard to quickly unwind give how much is now baked into the system.  The robots didn’t trigger the decline, of course. But they devoured a stew of red signals in the second half of the year:  - A slowdown in growth in the economies of Japan, China and Europe…  - The end of an era of low interest rates and easy money.  - A decline in the growth of corporate profits.  - Erratic politics in large parts of the world. The U.S. and China are embroiled in a trade dispute.  There are not apparent signs, analysts and portfolio managers say, of the economic imbalances that fueled the 2008 meltdown, which started with a housing bust that went on to infect the banking sector and eventually morphed into a full-fledged financial crisis.  Sentiment among chief financial officers, who help set budgets that will shape investment and hiring decisions, has also soured. Half of CFO’s believe a recession will start within a year, and 80% think a recession will hit by the end of 2020, according to a Duke University survey. | The Wall Street Journal | 12/26/2019 | Gregory Zuckerman, Rachael Levy, Nick Timiraos and Gunjan Banerji |
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| Sales Shine Over Holidays  *Spending holds steady despite market’s drop and government’s partial shutdown* | Shoppers delivered the strongest holiday sales increase for U.S. retailers in six years, according to early data. | The Wall Street Journal | 12/26/2019 | Sarah Nassauer |
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| Dow Logs Biggest Daily Point Gain | The Dow Jones Industrial Average surged more than 1,000 points for the first time in a single session…  All 30 stocks in the Dow industrials notched gains, as did each of the 11 sectors in the broader S&P.  But as in many of the volatile days that have characterized markets since the end of September, investors and traders were left scratching their heads to explain the wild swing… | The Wall Street Journal | 12/27/2019 | Jessica Menton |
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| What’s News | ♦ Home-price growth remained steady in October, the latest sing that conditions are becoming more favorable for buyers and are likely to continue in the months to come. | The Wall Street Journal | 12/27/2019 |  |
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| Initial Impact on Economy Is Likely to Be Minimal | A short government shutdown would likely have little impact on the overall U.S. economy, but a protracted budget fight during a time of heightened stock market volatility could worsen an already murky outlook, economists say.  Moreover, much of the suspended federal spending would likely be shifted into the new year, if recent precedent holds.  The danger, analysts said, lies in the prospect of a prolonged stalemate, coming at a time when investors and businesses are already jittery over multiple factors, including U.S. – china trade tensions, rising U.S. interest rates, the decline in stock prices and slowing global economic growth.  Jobless claims, a leading indicator of the economy’s future trajectory, ticked down last week.  Many forecasters already expect the U.S. economy’s growth to slow in 2019, though to a still-solid pace, partly because of the waning stimulus from the tax cut and spending increase. | The Wall Street Journal | 12/28/2019 | Sharon Nunn |
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| Oil Slides Amid Volatile Trading | Light, sweet crude for February delivery ended 3.5% lower at $44.61 a barrel on the New York Mercantile Exchange.  Analysts attributed the moves to uncertainty over the global economic outlook.  The trade dispute had contributed to fears of weakening oil demand, as a global economic slowdown is expected in 2019, analysts said. | The Wall Street Journal | 12/28/2018 | Sarah McFarlane and Dan Molinski |
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| Investors Rush for Safety In Bonds | U.S. government -bond prices rose Thursday as investors sought safe assets after an early downturn in stocks.  The yield on the benchmark 10-year Treasury note settled at 2.744%, down from 2.797% Wednesday. The yield has fallen 0.488 percentage point since reaching a seven-year high of 3.232% in early November.  Some investors are concerned that the Fed’s plans to continue raising interest rates next year after four increases this year could lead to a slower pace of growth, or that the central bank’s decision to shrink the size of its balance sheet at a planned pace of $50 billion a month will increase volatility by pulling cash from financial markets. | The Wall Street Journal | 12/28/2019 | Daniel Kruger |
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| Gold Settles at a 6-Month High | Gold prices climbed for the seventh time in the past eight sessions on Thursday, hitting a six-month high as the dollar fell and stocks extended a recent bout of volatility.  Front-month gold for December delivery roses 0.6% to $1,277.30 a troy ounce…  The metal becomes more attractive compared with yield-bearing assets when interest rates don’t rise, while a weaker U.S. currency makes it cheaper for overseas buyers. | The Wall Street Journal | 12/28/2019 | Amrith Ramkumar and Christopher Alessi |
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| What’s News | ♦ The Dow staged a dramatic comeback in the final 90 minutes of Thursday’s session, closing 1.1% higher after swinging more than 850 points. The S&P 500 rose 0.9% and the Nasdaq gained 0.4%. | The Wall Street Journal | 12/28/2018 |  |
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| What’s News | ♦ Shales drillers in the Permian Basin are producing vast amounts of natural gas but there aren’t enough pipelines to take it all to market, sending local prices into free fall. | The Wall Street Journal | 12/28/2018 |  |
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| What’s News | ♦ The Conference Board said that its index of U.S. consumer confidence declined for a second consecutive month in December. | The Wall Street Journal | 12/28/2018 |  |
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| Bumpy Ride for Stocks Ends With a Gain  *Index performance in the past week* | **Monday:** Dow and S&P 500 suffered their worst Christmas Eve performances on record.  **Tuesday:** Dow surged more than 1,000 points for the first-ever time in a single session, rising 1,086 points or 5%.  **Thursday:** The Dow swung more than 850 points in the final 90 minutes of the session to notch its biggest single day point rebound in history.  **Friday:** The Dow changed direction 19 times in another rocky session, indexes finish with the first weekly gain of the month.  Nasdaq Composite **6584.52** ▲4.0% this past week  S&P 500 **2485.74 ▲**2.9%  Dow Jones Industrial Average **23062.40 ▲** 2.7% | The Wall Street Journal | 12/29-30/2018 | Sources: FactSet (stock indexes); SIX (volatility) |
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| Wild Week Leaves Investors Reeling | If the rough fourth quarter has any leading cause, however, it is a modest souring about the prospects of the global economy.  Among the worries: the pace at which the Federal Reserve is unwinding its easy-money policies; the trade spat with China and a government shutdown that appears likely to stretch into January.  “The volatility we’re seeing is very reminiscent of some of those ugly periods like when the dot-com bubble popped in 2000, or the post-Lehman financial crisis,” said Mark Travis, chief executive of Intrepid Capital…  :We don’t have the systemic problems that we had then, but we’re seeing a global tantrum,” he said…  This dizzying week featured the worst ever Christmas Eve selloff, followed by Wednesday’s 1,086 point climb – the biggest one-day point gain on record – and an 871-point swing Thursday. | The Wall Street Journal | 12/29-30/2018 | Jessica Menton |
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| Bonds Rise As Growth Weakens | U.S. government bond prices rose Friday after signs of slower economic growth heading into the new year.  The yield on the benchmark 10-year Treasury note settled at 2.740% from 2.744% Thursday.  The index was 7.7% lower from last November, marking the 11th month of annual declines.  Bond yields have fallen since early November, when the 10-year Treasury yield touched a seven-year high of 3.232%. The dispersion between two- and 10-year Treasury rates, known as the yield curve, has also widened in past trading sessions…  Investors appear increasingly uncertain that the Federal Reserve will be able to meet its target of two interest-rate increases next year. | The Wall Street Journal | 12/29-30/2018 | Daniel Kruger |
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| U.S. Presses China On Trade Proposals | The U.S. is urging Beijing to fill in the details of a slew of trade and investment proposals Chinese officials have made recently, as the two sides try to resolve a trade battle that has rocked global markets.  The 90-day talks are due to wrap up on March 1. If no agreement is reached, the U.S. said it would boost tariffs on $200 billion of Chinese goods to 25% from the current 10%... | The Wall Street Journal | 12/31/2018 | Bob Davis |
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|  | **DJIA** Closed (23327.46)  **NASDAQ** Closed (6635.28)  **STOXX 600** Closed (337.65)  **10-YR. TREAS.** Closed (2.684%  **OIL**  Closed (45.41)  **GOLD** Closed ( $1,278.30) | The Wall Street Journal | 01/02/2019 |  |
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| What’s News | ♦ U.S. stocks closed out 2018 with their steepest annual declines since the financial crisis, but retail investors are trying to hold on despite intense volatility. The Dow, S&P 500 and Nasdaq lost 5.6%, 6.2% and 3.9%, respectively, for the year. | The Wall Street Journal | 01/02/2019 |  |
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| What’s News | ♦ Analysts expect corporate profits to keep growing in 2019, but at a slower pace, another potential hurdle for the stock market. | The Wall Street Journal | 01/02/2019 |  |

According to data from the World Bank, the share of the world’s population living on less than $1.90 a day (inflation adjusted) declined to under 10 percent in 2015 from 44 percent in 1980, an astounding achievement. – The World Bank, September 24, 2018.

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