



INCISIVE INVESTOR

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WEEK IN REVIEW US GROWTH REVISED HIGHER

Review of the week ended March 29, 2018

- **Q4 US GDP grew faster in final reading**
- **China, US talking on trade but tariffs still possible**
- **US wins trade concessions from South Korea**
- **US expels 60 Russian officers, closes consulate**
- **Inter-Korean summit set for late April**

As of noon on Thursday, global equities saw little net change on the week amid choppy, headline-driven conditions. Less-calamitous headlines on the US-China trade tiff boosted markets early in the week, while a continued focus on privacy issues undermined mega-cap tech shares later. Volatility, as measured by the Chicago Board Options Exchange Volatility Index, (VIX), remains elevated, but little changed at 22.5 this week. US 10-year Treasury note yields fell eight basis points to 2.76%, while the price of a barrel of West Texas Intermediate crude oil slipped a dollar to \$64.50.

U.S. stocks rose on Thursday, with major indexes climbing in a broad advance as technology and energy shares led gains. Even so, the Dow Jones Industrial Average

and the S&P 500 index remained on track to break a lengthy string of quarterly gains. A battering for tech stocks, last year's leading performers, has weighed on performance. Trading for the week, for March, and the first quarter will wrap up at the end of Thursday's session, as stock markets will be shut for Good Friday.

The Dow Jones Industrial Average DJIA, +1.07% rose 224 points, or 0.9%, to 24,073. The S&P 500 SPX, +1.38% rose 27 points to 2,632, a gain of 1%. The Nasdaq Composite Index COMP, +1.64% rose 78 points, or 1.1%, to 7,029, seeing a partial rebound from steep losses in the previous session.

For the week, the Dow is looking at a gain of 2.3% while the S&P 500 is up 1.1%. The Nasdaq is up 0.5% on the week.

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For the month of March, all three are looking at steep declines, with the Dow off 3.8%, the S&P 500 off 3% and the Nasdaq off 3.4%. For the first quarter, the Dow has lost 2.6% and the S&P is off 1.5%. Both fell into correction territory in the quarter,

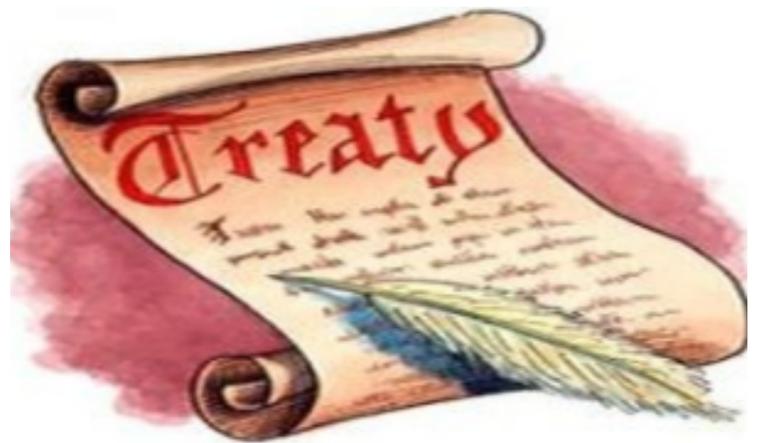
US economy raised 2.9% in fourth quarter

Economic growth in the United States was revised to a 2.9% annual pace in the final quarter of 2017, up from the 2.5% pace reported last month. Economists had expected growth to finish the year at a 2.7% rate. That data showed vigorous consumer spending and an uptick in inventories. For all of 2017, the economy grew 2.3%, after growing 1.5% in 2016.

China-US trade spat in focus

Investors breathed a sigh of relief early in the week when the Wall Street Journal reported that US and Chinese officials had been negotiating potential trade concessions on the part of China even before US president Donald Trump announced as much as \$60 billion dollars in tariffs last week. According to the Journal, talks centered on China dropping intellectual property transfer requirements and forced-joint ventures in order to gain access to China's market. Also discussed were increased Chinese purchases of US autos and semiconductors. Despite the

negotiations, both sides are preparing to levy tariffs on selected goods. The US initiated a 60-day comment period on proposed tariffs, which will largely target high-tech equipment initially, according to the US trade representative. China is said to be weighing retaliatory tariffs on airplanes, autos, agriculture and semiconductors.



US, South Korea amend trade treaty

After three months of talks, negotiators from the US and South Korea agreed on modest amendments to the US-Korea Free Trade Agreement (KORUS). In the process, South Korea was granted an exemption from the steel and aluminum tariffs put in place by the US several weeks ago. As part of the agreement, South Korea will double its import quota on autos meeting US safety standards but not necessarily South Korean standards. A 25% tariff on South Korean pickup trucks will be extended for

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an additional 20 years, effectively shutting Korean manufacturers out of the US market unless the trucks are produced in the US. Markets were encouraged by the relatively limited modification of the existing pact and hope for a similar outcome regarding the much larger North American Free Trade Agreement, which is being renegotiated.

US removes Russian officials, closes consulate in Seattle

The US announced the expulsion of 60 Russian officials and closed Russia's consulate in Seattle, Washington. The moves come in response to an attack on a former Russian spy and his daughter living in Great Britain. Twenty-five nations have expelled almost 150 Russian diplomats in response to the attack, which they blame on Russia. Growing tensions between Russia and the West could increase tensions in the Middle East, where Russia is supportive of the governments of Syria and Iran.

April summit set between North and South Korea

North Korean leader Kim Jung Un will meet with his South Korean counterpart, President Moon Jae-in on the southern side of the demilitarized zone on 27 April. In his first foreign trip since taking power in 2011, Kim met with Xi Jinping earlier this week in Beijing. These meetings come as the North Korean leader prepares for a highly anticipated summit meeting with President Trump before the end of May. It is believed that Kim will demand the safety of his regime as a prerequisite to denuclearization and that North Korea will not easily give up its nuclear deterrent.



THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Apr 2	Europe, Canada, Australia	Economic sentiment indicator
Mon, Apr 2	US, China, Japan	Manufacturing purchasing managers' indices
Tue, Apr 3	Australia	Reserve Bank meeting
Tue, Apr 3	eurozone	Manufacturing PMIs
Wed, Apr 4	eurozone	Consumer price index

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THE WEEK AHEAD CONT'D

Date	Country/Area	Release/Event
Wed, Apr 4	US	Nonmanufacturing PMIs
Thu, Apr 5	eurozone	Nonmanufacturing PMIs, retail sales, ECB minutes
Thu, Apr 5	US	Trade balance
Fri, Apr 6	US, Canada	Employment report



9 FACTS ABOUT RETIREMENT

Tip: Nearly 80% of workers expect to work for pay in retirement, but only 29% of retirees actually have done so.

Retirement can have many meanings. For some, it will be a time to travel and spend time with family members. For others, it will be a time to start a new business or begin a charitable endeavor. Regardless of what approach you intend to take, [here are nine things about retirement that might surprise you.](#)

I will be glad to show you how I have helped a number of area residents learn how to deal with volatility in the market. Call today to schedule your personal appointment date and time.

-Randall Fielder
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