INCISIVE INVESTOR

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WEEK IN REVIEW: POLITICAL TENSIONS RISE, MARKETS SLIDE

Review of the week ended August 11, 2017

- **War of words between North Korea and US intensifies amid UN sanctions**
- **US inflation rises less than expected**
- **UK floats trial balloon on divorce settlement**

U.S. stocks rose on Friday, closing higher in a modest rebound from the previous session, though major indexes ended sharply lower on the week as geopolitical uncertainty continues to weigh. The Dow Jones Industrial Average ended 0.1% higher at 21,861. The S&P 500 rose 0.1%, to 2,441. For the week the S&P lost 1.4% and the Dow fell 1.1%.It was the biggest weekly drop for both the Dow and the S&P since March. The Nasdaq Composite Index added 0.6%, to 6,257. For the week the Nasdaq dropped 1.5%. For the Nasdaq, it was only the biggest weekly decline since June, though it was its third straight weekly drop.

September West Texas Intermediate crude tacked on 0.3%, to $48.71 a barrel on the New York Mercantile Exchange. For the week, WTI was looking at a loss of roughly 1.8%, according to FactSet data. October Brent crude on London's ICE Futures added 0.2%, to $51.99 a barrel, with prices poised for a weekly loss of about 0.8%. The number of active US rigs drilling for oil climbed by 3 to 768 rigs this week, according to data from Baker Hughes on Friday. Meanwhile, the total active U.S. rig count, which includes oil and natural-gas rigs, fell by 5 to 949 this week. Safe-haven assets were in demand as investors looked to take some risk off the table. Bonds rallied, pushing the yield on the 10-year US note to 2.21% from 2.27% a week ago. Safe-haven currencies such as the Swiss franc and Japanese yen firmed, as did precious metals. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), rose considerably, to 15.50 from 9.90 last Friday.

Muted US inflation data raise questions for Fed

The Consumer Price Index rose just 0.1% in July after not rising at all in June, the fifth straight month of below-forecast inflation figures. While the US Federal Reserve has said it sees the recent decline in inflationary pressures as transitory, markets are not so sure. Futures markets forecast just a 40% chance of another rate hike before the end of this year.

GLOBAL NEWS

North Korea threatens Guam after Trump's warning

US president Donald Trump warned North Korea in no uncertain terms this week that its continued threats, if carried out, would be met with overwhelming force. North Korea, undeterred, announced it was planning to target the waters surrounding the US territory of Guam with four missiles and that a plan would be ready within a matter of days. Trump responded by noting US military plans are now "locked and loaded" should North Korea act unwisely. Earlier this week intelligence assessments became public revealing that North Korea has likely acquired the technological capability to miniaturize a nuclear warhead, making it deliverable by missile. North Korea recently tested a missile believed to have the range to reach parts of the United States. Tensions have risen further in the wake of additional United Nations sanctions against North Korea that were unanimously agreed upon by the UN Security Council. The sanctions aim to cut North Korean exports by one-third and ban exports of coal, iron ore and seafood.

UK opens the bidding at €40 billion?

British negotiators appear to have floated a trial balloon in the press on the size of the divorce payment Theresa May's government would be willing to pay to leave the European Union. TheSunday Telegraph reported that the United Kingdom would be willing to pay €40 billion, but only on condition that the payment come as part of a deal that included the future trade relationship with the EU. UK officials shot down the report as speculative, but it would appear to be a reasonable starting point for negotiations.

THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Aug 14	Japan	Q2 Gross domestic product
Mon, Aug 14	China	Retail sales, industrial production
Tue, Aug 15	United Kingdom	Consumer price index
Tue, Aug 15	United States	Retail sales
Wed, Aug 16	Eurozone	Q2 Gross domestic product
Wed, Aug 16	US	Housing starts and building permits
Thu, Aug 17	UK	Retail sales
Thu, Aug 17	Eurozone	CPI, trade, ECB minutes

REGRETS COMMONLY EXPERIENCED IN RETIREMENT…AND HOW TO AVOID THEM (PART 2)

Nobody likes to look back on life and feel regret. And with that in mind, here are a few common regrets I hear from retirees. Sharing what other people have regretted may enable us so that we can learn from them and avoid these regrets in our life.

Last week we covered the first three regrets:

Regret #1: Not including both spouses in the retirement and financial planning process.

Regret #2: Not downsizing sooner.

Regret #3: Not keeping up with technology.

This week here are the final three:

Regret #4. Regret: Not retiring sooner.

While as many as one-third of retirees were forced to retire earlier than planned (often due to health reasons), those who can choose to retire on their own schedule occasionally regret working too long. Some people I work with kept putting retirement off and then when they finally decided to break free, we had a good "life after career" plan in place and they loved their new lifestyle. Their only regret was, "Why didn't I retire sooner?" If you think early retirement sounds good, let us know and we can review your numbers to see if it makes sense.

Regret #5: Not paying more attention to health.

It's easy to take good health for granted—until we don't have it. Everybody knows the basic things to take care of yourself and while that doesn't guarantee you'll be healthy at 100, it increases your odds. Some clients who didn't take their health seriously until they retired and once they got on a health track, it was incredible for them. Whether it is bike riding, nature walks, or going up and down stairs, taking care of your health could make your retirement years much more golden.

Regret #6: Spending too much in the early years of retirement.

It's easy to fall into excessive spending in the first few years after retirement and spend money on travel, kids or grandkids, and a luxury good or two. But without an eye on the future, overspending right after retirement could set you up for some pain down the road. We encourage our clients to enjoy their wealth as long as it is within their means. Nobody likes to be reminded that they are spending more than they can afford.

Having been in the financial planning business for many years, I have come across many people who have not planned well for their retirement years. I hope that by sharing a few of the regrets I've seen people have, you can design your own retirement that is filled with good health, meaning—and no regrets!

Contact me regarding questions you may have regarding your retirement:

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