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KUMMER FINANCIAL STRATEGIES, LLC

Helping You Create Financial Independence

10/26/2018 – Weekly Market Highlights

- Global equity markets posted one of their worst weekly declines of the year as we saw more volatility amid concerns over slowing economic growth, mixed earnings results and some geopolitical tensions. Market participants also remain nervous about the pace of the Federal Reserve's interest rate increases and ongoing trade tensions.
- Earnings reports were mixed this week with some industrial and technology bellwethers disappointing the market with their revenue growth and near-term guidance. But so far this season, earnings numbers have largely come in ahead of expectations and growth is still on pace to exceed 20 percent.
- Economic data out this week revealed a slight pickup in manufacturing activity in October, according to a private preliminary survey, and a continued slowing in the pace of new home sales. While Hurricane Florence may have had an impact on new home sales in September, there is clear evidence that the housing market continues to struggle. On a positive note, the first estimate of U.S. economic growth during the third quarter came in at a 3.5 percent annualized pace. This was slightly ahead of expectations and down from the 4.2 percent pace seen during the second quarter. Meanwhile, inflation data in the GDP report was relatively benign, which may help allay concerns over a quickening pace of Fed rate hikes.
- Elsewhere, the European Central Bank kept its targeted interest rate unchanged this week as expected.
- October's reputation of large market declines is holding true to form so far this year as most indices are now down 8 to 12 percent for the month. Many indices have entered correction territory, which is defined as a 10 percent-plus decline from a recent high. We think the positive fundamental backdrop and a low risk of a recession unfolding in the U.S. over the next several months suggests to us that the current downturn in equity prices is a correction and not the beginning of a bear market. We are watching our near-term indicators for evidence that a more defensive positioning is warranted. For now, we are maintaining our more balanced positioning in the dynamic sleeve.

If you would like to discuss market events and our outlook or focus on your asset allocation and financial circumstances, please contact us at 303-470-1209 and we would be happy to address your concerns.

Disclosures:

- Kummer Financial Strategies, LLC is an SEC registered investment adviser.
- Investors should be aware of risk when investing, including potential loss of principal.
- Past performance is not a guarantee of future results. Rebalancing, asset allocation or alternative strategies may or may not produce positive results.
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