



# INCISIVE INVESTOR

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## WEEK IN REVIEW LOSING STREAK CONTINUES

### Review of the week ended November 17, 2017

- **GOP tax bills passed by House, Senate committee**
- **Japan economy expands for 7th quarter**
- **Eurozone reports solid growth, inflation pace slows**
- **ECB warns economy still reliant on stimulus**

U.S. stocks finished modestly lower Friday, with the S&P 500 and Dow industrials marking a second week of declines as investors weighed prospects for corporate tax cuts. Figures showed the S&P 500 ended 0.3% lower, while the Dow declined around 100 points, or 0.4%. The Nasdaq Composite Index which closed at a record on Thursday, shed 0.2%. For the week, the S&P posted a weekly loss of 0.1%, while the Dow declined 0.3%. The Nasdaq, however, saw a 0.5% weekly rise.

Investors have many things to be thankful for this year: global equities had risen in every single month this year, while every major economy continues to expand. Perhaps U.S. investors can pause and reflect on gains and potential risks ahead

in a holiday-shortened week. The S&P 500 and Dow industrials head into the holiday week near record territory, having gained 15% year to date. U.S. financial markets will be completely shut down on Thursday in observance of the Thanksgiving Day holiday, with early closes in store for Friday.

Yields on benchmark US 10-year Treasury notes slipped 3 basis points, to 2.35%, while the price of a barrel of West Texas Intermediate crude oil fell about \$1 to \$56.10. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), rose to 11.60 from 11.10 a week ago, but traded as high as 14.5 at midweek.

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## **US House passes tax cut; Senate bill passes committee**

The US House of Representatives passed its version of the Republican tax bill by a vote of 227–205, with 13 Northeast Republicans, angered by the loss of tax deductibility of state and local taxes, voting no, along with all the Democrats. The Senate Finance Committee passed its version of the bill late Thursday, with the full Senate expected to vote after the Thanksgiving holiday. If the Senate passes its version, the differences in the two bills could be ironed out in a conference committee before a final vote. GOP leaders hope to complete the process by Christmas, though it could linger into early 2018 if the two versions of the bill cannot be reconciled quickly.

## **GLOBAL NEWS**

### **Japan growth streak continues**

Japan reported its seventh consecutive quarter of growth in the third quarter, the longest streak in more than 15 years. The economy expanded at a 1.4% annual pace last quarter, down from a growth rate of 2.6% in the April–June period. Rising exports were the main contributor to growth, the government reported.

### **Eurozone maintains solid growth**

Europe is experiencing the fastest growth

rate in a decade, rising 2.5% year over year, which is a faster pace than the 2.3% US rate. The United States, however, experienced stronger growth in Q3 than the Eurozone. While growth is solid around the world, inflation remains below central bank targets. Eurozone core inflation rose a scant 1.4% in October, well below the European Central Bank's target of near 2%. Growth in the United Kingdom was more subdued than on the continent, coming in at 1.5% annually.

### **ECB's Draghi: Robust recovery reliant on stimulus**

Europe's economic recovery is robust and the fall in unemployment has been remarkable, European Central Bank president Mario Draghi said on Friday, but inflation is not at a point where it can be self-sustaining without stimulus.

### **May's continued leadership in focus**

UK Prime Minister Theresa May's continued leadership of the Conservative Party was called into question last weekend as the Sunday Times reported that 40 members of her party have agreed to sign a letter of no confidence. Forty-eight signatures are needed to spark a leadership vote. May's grip on power remains tenuous, but with no

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obvious replacement waiting in the wings she may be able to hang on to her post as

the Brexit process unfolds.

## THE WEEK AHEAD

| Date          | Country/Area  | Release/Event                           |
|---------------|---------------|---|
| • Tue, Nov 21 | United States | Existing home sales                     |
| • Wed, Nov 22 | US            | Durable goods orders, Fed minutes       |
| • Thu, Nov 23 | Eurozone      | Flash purchasing managers' indices      |
| • Thu, Nov 23 | UK            | Q3 gross domestic product               |
| • Thu, Nov 23 | US            | Markets closed for Thanksgiving holiday |
| • Thu, Nov 23 | Canada        | Retail sales                            |
| • Fri, Nov 24 | US            | Flash PMIs                              |



I will be glad to show you how I have helped many other area residents plan for a more secure future for themselves and their heirs. Have you done enough to determine that your investments allocated properly for you goals, dreams, and legacy? Call today to schedule your personal appointment date and time.

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