



Good morning!

Here's what Wall Street was anticipating last Friday: the June 2019 jobs report would show "weak" hiring by US employers, clearing the deck for the Federal Reserve to begin an "aggressive" series of interest rate cuts as soon as its next scheduled meeting that will take place 3 weeks from now. Instead, the +224,000 new jobs that were created last month represented a much stronger number than expected, suggesting that a slowdown to the nation's 10-year old economic expansion may not be imminent after all. Until additional data surfaces that tells a different story, the downward slide (the yield on the 10-year Treasury note had fallen to 1.95% on Wednesday last week) in interest rates has stopped (source: BTN Research).

Stock investors haven't seen a better 1st half to a calendar year since 1997. The S&P 500 was up +18.5% YTD (total return) through 6/30/19, then proceeded to add on another +2.1 percentage points last week, bringing the YTD gain to +20.6%. That result, more than twice the index's trailing 50-year average annual return of +9.8%, comes despite trade war jitters and a slowing global economy (source: BTN Research).

However, the US economy continues to grow (up +3.1% in the 1st quarter 2019), but it's not because we're shopping at the local malls. 7,037 retail stores closed in the 1st half of 2019, more closures than in all of 2018 (5,864) and on pace to surpass the all-time record for closures (8,139) set just 2 years ago (source: Coresight Research).

#### Notable Numbers for the Week:

1. **MALL WOES** - 4 of the 6 **worst performing stocks** in the S&P 500 YTD through 6/30/19 are **department stores or clothing retailers** (source: BTN Research).
2. **LONGEST IN HISTORY** - The US **economic expansion** began its **11th year** (i.e., 121st month) a week ago today on 7/01/19, making it the **longest-running expansion** in our nation's history based upon government data that has been maintained **since 1854** or for **165 years** (source: National Bureau of Economic Research).
3. **FROM LOWEST TO LAST WEEK** - The yield on the **10-year Treasury note** closed at 1.36% on 7/08/16 (i.e., **3 years ago today**), its **lowest closing yield ever**. 10-year notes have been traded in the USA **since 1790**, i.e., **229 years** of trading. The yield on the 10-year note closed last Friday 7/05/19 **at 2.04%** (source: Treasury Department).
4. **HOME DEBT** - **65% of the debt** of Americans as of 3/31/19 is **mortgage debt**, i.e., \$10.4 trillion of mortgages out of \$16.1 trillion of total household debt (source: Federal Reserve).

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