June 11, 2018

The Markets

G whiz!

Never before could the Group of 7 (G7) Summit have been mistaken for reality TV.

The generally dignified annual meeting of leaders from the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom (along with the heads of the European Commission and European Council) was a lot more contentious than usual, reported *Reuters*.

Disagreements about trade were the reason for heightened tensions among world leaders. At the end of May, the United States extended tariffs on aluminum and steel imports to U.S. allies. They had previously been exempted. These countries "account for nearly two-thirds of the [United States'] $3.9 trillion annual merchandise trade," reported *The Washington Post*.

Retaliation to U.S. sanctions was fast and furious. Mexico implemented "…a 20 percent tariff on U.S. pork legs and shoulders, apples, and potatoes and 20 to 25 percent duties on types of cheeses and bourbon," reported *Reuters*.

Canada imposed $16.6 billion in tariffs on U.S exports of "…steel and aluminum in various forms, but also orange juice, maple syrup, whiskey, toilet paper, and a wide variety of other products," says *Reuters*.

The European Union has a 10-page list of goods targeted for sanctions, including bourbon and motorcycles, reported *The Washington Post*. Complaints that U.S. tariffs are illegal also are being filed with the World Trade Organization.

Difficult relationships with allies are "expected to complicate U.S. efforts to confront China over trade practices that the administration regards as unfair," reports *The Washington Post*.

Canadian, Mexican, and U.S. stock markets remained unfazed. Major indices in each country moved higher last week. Some American indices reached new highs. European markets fared less well. Markets may be bouncier this week as investors digest the costs and benefits of trade sanctions.

Data as of 6/8/18	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	1.6%	3.9%	14.2%	11.1%	10.8%	7.4%
Dow Jones Global ex-U.S.	0.8	-1.6	8.7	3.7	4.0	0.2
10-year Treasury Note (Yield Only)	2.9	NA	2.2	2.4	2.2	4.0
Gold (per ounce)	0.3	0.1	2.0	3.5	-1.3	3.8
Bloomberg Commodity Index	-0.5	2.1	9.5	-3.7	-7.2	-8.6
DJ Equity All REIT Total Return Index	1.1	-1.4	3.3	7.7	8.1	7.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

THE STRUGGLE IS REAL. Millennials are known – and often disparaged – for being innovators and disrupters. According to *Business Insider*, the generation has been credited with 'killing' everything from starter homes to napkins. There's a reason for that. Millennials are the biggest generation and have become the world's most powerful consumer group, reports *Financial Times*:

"The coming of age of the world's 2bn millennials is not only a generational shift, it is one of ethnicity and nationality. Forty-three percent of U.S. millennials are non-white, and millennials in Asia vastly outnumber those in Europe and the U.S. Despite China's former one-child policy, it has 400m millennials, more than five times the U.S. figure (and more than the entire U.S. population) while Morgan Stanley estimates that India's 410m millennials will spend $330bn annually by 2020."

Millennials have different buying habits and preferences than previous generations. They opt for access rather than ownership, reports *Goldman Sachs*, which has helped fuel the growth of the gig economy's sharing services.

As the first digital natives, Millennials also tend to favor brands that offer the greatest convenience at the lowest price. The most successful brands have strong social media presence.

Weekly Focus – Think About It

“Millennials are more aware of society's many challenges than previous generations and less willing to accept maximizing shareholder value as a sufficient goal for their work. They are looking for a broader social purpose and want to work somewhere that has such a purpose.”
--Michael Porter, Harvard Business School Professor

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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* You cannot invest directly in an index.
* Stock investing involves risk including loss of principal.
* Consult your financial professional before making any investment decision.

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