

# Weekly Market Update

August 26, 2019

## NEWS

- China said it will impose 5% and 10% tariffs on an additional \$75 billion in U.S. goods starting in September.
- Trump said he was ordering U.S. companies doing business in China to explore relocating their operations.
- Trump criticized Fed Chair Powell and called for a large cut in interest rates to keep economic momentum going.
- A group of state attorney generals is preparing to move forward with a joint antitrust investigation of big technology companies.
- The premium that investors demand on junk rated bonds rose to 8.3%, the widest spread since 2016 as investors shy away from risky credit.
- The CBO increased its forecast for deficits over the next decade by \$809 billion, to \$12.2 trillion due to the new two year budget agreement.
- Germany sold 30-year bonds at a negative yield for the first time in history, as investors scramble for safe haven assets.
- Home loans to subprime borrowers is set to reach \$50 billion this year, the highest level since the 2008 housing crisis.

## ECONOMY

- Existing home sales in the U.S. rose 2.5% in July as lower mortgage rates fuel demand despite record high prices and low inventories.
- Fed minutes showed that policy makers viewed last month's rate cut as a recalibration rather than the start of a new easing cycle.
- Fed Chair Powell warned that the trade war could derail the U.S. economy and that he was prepared to lower rates further if necessary.

INDEX LEVELS	Friday Close 8/23/19	Prior Week 8/16/19	Quarter End 6/30/19	Year End 12/31/18
Dow Jones 30	25,628	25,886	26,600	23,062
S&P 500	2,847	2,888	2,941	2,485
Russell 2000	1,459	1,493	1,566	1,337
NASDAQ	7,751	7,895	8,006	6,584

## BOND RATES

Fed Funds Target	2.25	2.25	2.50	2.50
2-Year Treasury	1.52	1.49	1.75	2.50
10-Year Treasury	1.53	1.56	2.00	2.68
1 Mo. LIBOR	2.14	2.18	2.40	2.52
1 Mo EURBOR	-0.45	-0.43	-0.42	-0.41
Bond Buyer Indx	3.55	3.53	3.70	4.09

## CONSUMER

Money Market	0.73	0.65	0.69	0.56
30Yr FxMortgage	3.81	3.68	3.90	4.61
Prime Rate	5.25	5.25	5.50	5.50

## COMMODITY

Gold	1,536	1,523	1,412	1,284
Crude Oil	53.97	54.93	58.20	45.81
Gasoline	1.52	1.66	1.89	1.31
NYMEX NatlGas	2.16	2.20	2.32	2.87

## CONTACT INFORMATION

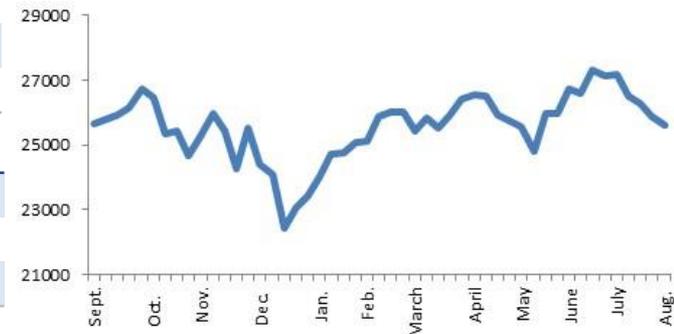
Phoenix: 480-385-2840

[www.sovereignfinance.com](http://www.sovereignfinance.com)

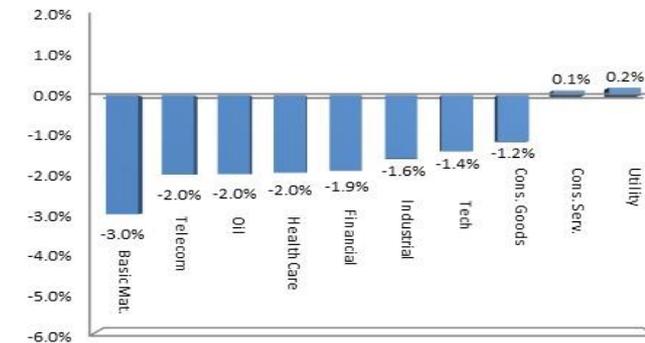
INDEX TOTAL RETURNS*	Month To Date	Year To Date	12-Month
S&P 500	-4.5%	13.6%	-1.7%
Dow Jones	-4.6%	9.9%	-1.6%
Russell 2000	-7.3%	8.2%	-15.6%
NASDAQ	-5.2%	16.8%	-3.3%
Nikkei 225	-3.8%	3.5%	-9.2%
Shanghai Comp	-1.2%	16.2%	4.2%
German DAX	-6.3%	10.0%	-7.4%
London FTSE	-6.5%	5.5%	-6.9%

\*Returns as of 8/23/19

## Weekly Performance of Dow Jones U.S. Index



## DJ Industry Ranking by Weekly % Change



# Weekly Market Update

Index Price Levels: Reflects closing price level for each index as of stated date. Dow Jones Industrial 30: IDC; S&P 500 Index: IDC; Russell 3000 Index: Russell Investments; NASDAQ Comp: MSCI.

**Indexes are not available for direct investment.**

Chart of the Week: Source: Dow Jones

Market Returns: All data represent total return including the reinvestment of dividends for stated period except price-only S&P sector returns. Indices: MSCI – EAFE, MSCI – Emerging Markets; provided by: MSCI – gross official pricing. Indices: S&P 500 Index, S&P Sector Indices; provided by: Standard & Poor's. Index: DJIA; provided by Dow Jones. Indices: Russell 2500, Russell Midcap, Russell 2000; provided by Russell Investments. Index: Barclays Aggregate Bond; provided by Barclays Capital. Index: Citi WGBI ex-US; provided by Citigroup. Index: FTSE NAREIT Composite; provided by FTSE.

Bond Rates: Fed Funds Target, EcoWin; 2 Year Treasury, IDC; 10 Year Treasury, IDC; 1 Month LIBOR, British Bankers' Association; SIFMA Muni Swap, SIFMA; Bond Buyer Index, Bond Buyer Online.

Consumer Rates: 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, EcoWin; Crude Oil (WTI), EcoWin; Gasoline, EcoWin. NYMEX National Gas, CME Group.

**DOW JONES INDUSTRIAL INDEX** - The DJIA serves to provide a clear, straightforward view of the stock market and, by extension, the U.S. economy. The 30 stocks now in the DJIA are all major factors in their industries and are widely held by investors. As of December 31, 2008, The Dow® represented 27% of the float-adjusted market capitalization of the Dow Jones U.S. TSM Index, which provides near complete coverage of the U.S. stock market..

**S&P 500 INDEX** - The S&P 500 Index is a capitalization weighted index comprised of 500 stocks chosen for market size, liquidity, and industry group representation. The S&P 500 Index is constructed to represent a broad range of industry segments in the U.S. economy. The S&P 500 focuses on the large-cap segment of the market with over 80% coverage of US equities.

**NASDAQ COMPOSITE INDEX**- The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

**RUSSELL 3000® INDEX**- The Russell 3000 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. It includes approximately 3000 of the smallest securities based on a combination of their market cap and current index membership.

**JAPAN NIKKEI 225 INDEX** – The Nikkei is a stock market index for the Tokyo Stock Exchange. It is a price weighted index, and the components are reviewed once a year. The Nikkei is the most widely quoted average of Japanese equities.

**SHANGHAI COMPOSITE INDEX** – The Shanghai Composite index is a market composite made up of all the A-shares and B-shares that trade on the Shanghai Stock Exchange. The index is calculated by using a base period of 100, the first day of reporting was July 15, 1991. The Shanghai Composite is a good way to get a broad overview of the performance of companies listed on the Shanghai exchange.

**GERMAN DAX INDEX** – The Deutscher Aktien Index, or DAX 30 is the blue chip market index for the Frankfurt Stock Exchange. It follows the top 30 German stocks on the electronic Xetra system that is used on the exchange. DAX indices are calculated using capitalization weighted index using the total return Laspeyres index for calculations.

**LONDON FTSE INDEX** – The FTSE 100 Index is a share index of the 100 most highly capitalized UK companies listed on the London Stock Exchange. The index is maintained by the FTSE Group, an independent company jointly owned by the Financial Times and the London Stock Exchange. Share prices in the FTSE are weighted by market capitalization, so that the larger companies make more of a difference to the index than smaller companies.

**CITI WGBI EX-US** - The Citigroup World Government Bond Index is a market capitalization weighted index consisting of the government bond markets excluding the US. Country eligibility is determined based on market capitalization and invest ability criteria. All issues have a remaining maturity of at least one year.

**FTSE NAREIT COMPOSITE** - The FTSE NAREIT US Real Estate Index Series is designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the US economy, offering exposure to all investment and property sectors.

**Past performance does not guarantee future results.**

**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

The price of equity securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. International investing involves a greater degree of risk and increased volatility. Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage.