



INCISIVE INVESTOR

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WEEK IN REVIEW: TRUMP TAKES OFFICE

Review of the week ended January 20, 2017

- **Trump sworn in as US president**
- **Oil ends higher but U.S. rig count spikes**
- **China's Xi: No one will win a trade war**
- **Banks leaving London?**

U.S. stocks closed higher Friday after coming off intraday highs as Donald Trump was sworn in as the 45th president of the U.S. The S&P 500 rose 7 points, or 0.3%, to close at 2,271 for a weekly decline of 0.2%. The Dow Jones Industrial Average gained 92 points, or 0.5%, to finish at 19,824, falling 0.3% for the week. The Nasdaq Composite Index advanced 15 points, or 0.3%, to close at 5,555, having shed 0.3% on the week.

Steady US 10-year-note yields of 2.42% greeted the new president, virtually the same yield that prevailed when Barack Obama was first sworn in eight years ago. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), rose to 12.4 from 11.20 a week ago.

Trump wants to restore America's promise

In his inaugural address; President Donald Trump pledged to transfer power from Washington, D.C., back to the American people. He called for defending the US's borders while rebuilding its infrastructure.

Every decision, whether on trade, taxes or immigration, will be made to benefit American workers and families, he said. While he expects other nations to put their interests first as well, he said the United States will reinforce old alliances and build new ones

Oil ends higher on global supply declines, but U.S. rig count spikes

Oil futures climbed on Friday and for the week, boosted by signs of tighter supply after major oil producers agreed to cut output. Prices, however, finished off the day's highs after data showed a hefty weekly rise in the number of active U.S. rigs drilling for oil. The increase raised concerns that rising output from the U.S. could derail efforts by other major producers to rebalance global oil supply and demand.

On Friday, data released by Baker Hughes showed that the number of active U.S. rigs drilling for oil jumped higher by 29 to 551 rigs this week. Last week the number declined, but that followed 10 consecutive weekly increases.



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The total active U.S. rig count, which includes oil and natural-gas rigs, rose by 35 to 694, according to the data. Citi Futures noted that the number of oil rigs have climbed 8% since last year, but is still down by nearly 66% from their peak in October 2014.

GLOBAL NEWS

China's Xi warns about trade war

In the first appearance by a Chinese leader at the World Economic Forum in Davos, Switzerland, President Xi Jinping defended globalization. He cautioned other countries against pursuing protectionist policies, adding that no one will emerge as a winner in a trade war. On the domestic front, Xi said that the economy has entered a new normal, driven by household consumption. He affirmed a 6.7% 2016 economic growth target, in the middle of the government's 6.5%–7% range, but the slowest since 1990.

Banks leaving London due to Brexit?

This week, several banks announced plans to move staff out of London in the wake of Brexit, including HSBC and UBS. Meanwhile,

Germany's Handelsblatt reported that Goldman Sachs may relocate half of its London staff of 6,500. Some jobs will move to New York, while approximately 1,000 could move to Frankfurt, the paper reported. UK Prime Minister Theresa May this week outlined her plan to put Brexit to a vote in Parliament before triggering Article 50. She said she expects the United Kingdom to leave both the European Union's single market and its customs union.

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THE WEEK AHEAD

- **US existing home sales data are reported on Tuesday, January 24**
- **The UK Q4 gross domestic product is released on Thursday, January 26**
- **The US Q4 GDP is released on Friday, January 27**