



INCISIVE INVESTOR

WEEK ENDED 9 SEPTEMBER 2016

WEEK IN REVIEW

For more than 40 straight days the S&P 500 closing had been inside of a 1% range, but Friday saw a big sell off. All of the major indices lost over 2% as shown below. Oil lost over 4%, the dollar was lower, the 10 year Treasury bond fell in price, and even gold was lower. Here's the scoreboard:

Dow: 18,087.23	-393.68,	(-2.12%)
S&P 500: 2,127.81	-53.49,	(-2.45%)
NASDAQ: 5,125.91	-133.57,	(-2.54%)
WTI crude oil: \$45.61	-2.01,	(-4.22%)

Several things were blamed for the big drop in the markets. One was that the European Central Bank (ECB) president Mario Draghi hinted Thursday that there wouldn't be much more in the way of stimulus from bankers in Brussels. Another factor was that several members of the US Federal Reserve Board this week reiterated calls to hike rates gradually in the coming months. Especially when Boston Fed chief Eric Rosengren's remarked that he's in favor of gradual rate hikes. These two factors alone were enough to send the market into a downward spiral.

Also, this past week it was reported that US consumer credit balances rose by \$17.71 billion in July, according to the Federal Reserve, which was above analysts' estimates. Further Morgan Stanley isn't so sure anymore that its forecast for a continued recovery in oil is accurate. "We are not yet changing our forecast for a mid-2017 rebalancing, but our conviction level is falling," said Adam Longson, head of energy commodity research, in a note to clients.

Add in Wells Fargo firing 5,300 employees over fraud after the Consumer Financial Protection Bureau alleged those workers opened more than 2 million accounts on behalf of existing customers without their knowledge. Prosecutors say those customers were charged fees for accounts they never ordered. Wells Fargo (WFC) agreed to pay \$185 million in fines to regulators for its actions. And then for good measure there was the news of a North Korea nuclear test and the market's timid reaction to the new Apple iPhone and we can understand what an unsettling week it was.



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THE WEEK AHEAD

The Fed's Dennis Lockhart, Neel Kashkari and Lael Brainard are scheduled to speak Monday.

China reports retail sales and industrial production data for August on Tuesday, 13 September

ECB president Mario Draghi speaks in Italy on Tuesday, 13 September
US retail sales data are reported on Thursday, 15 September



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