



INCISIVE INVESTOR

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WEEK IN REVIEW

U.S. STOCKS REMAIN SOLID



The Dow Jones Industrial Average remained on track, while the blue chip index and the S&P 500 experienced increased activity as Sino-American trade tensions ease and central banks support risk taking with economic stimulus measures.

The Dow Jones Industrial Average DJIA rose 37.07 points, or 0.1%, at 27,219.52, but the S&P 500 SPX fell 2.18 points, or 0.1%, to 3,007.39, and the Nasdaq Composite Index COMP retreated 17.75 points, or 0.2%.

For the week, the Dow rose 1.6%, the S&P 500 added 1% and the Nasdaq advanced 0.9%

Friday's action left the Dow 0.5% from its record at 27,359.16 hit on July 15, while the S&P 500 was also 0.5% from its all-time high

at 3,025.86 set on July 26. The Nasdaq ended the day 1.9% from its all-time closing high at 8,330.21 also hit on July 26.



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US-China "mini-deal" show hopes of growth

Amid increase speculation that the United States and China will reach an interim trade deal that leaves more difficult issues unresolved until a later date, US President Donald Trump said his administration would contemplate an interim deal, though he prefers a comprehensive agreement. Each side took steps this week to reduce tensions ahead of ministerial talks in Washington next week followed by high-level talks in early October. China suspended tariffs for a year on certain imports from the US, including agricultural products such as soybeans and pork, cancer drugs and other products. For its part, the US delayed a tariff hike scheduled for October 1st until mid-October to avoid clashing with the 70th anniversary of the founding of the People's Republic of China. There was extensive media speculation this week that a limited, interim trade agreement — with the US freezing or rolling back certain tariffs and China resuming agricultural and energy purchases — will happen in the coming weeks but that major points of disagreement over such issues as Chinese government subsidies for state owned enterprises will be left unresolved.

Hints at Brexit flexibility emerges

After months of little or no progress in Brexit negotiations, signs of flexibility emerged on

both sides this week, with the possibility that to keep open its border with Ireland, Northern Ireland will be treated somewhat differently than the rest of the United Kingdom. One proposal would give the Northern Ireland Assembly a say in alignment with European Union rules. Previously, the Democratic Unionist Party, a key faction in the ruling Conservative coalition, had objected to any separate treatment for Northern Ireland. With Parliament suspended, any agreement would need to be rushed through the legislature before the October 31st deadline. A general election would likely happen shortly thereafter.

ECB slows policy; appeals for fiscal lift

The European Central Bank delivered a package of easing measures this week, including pushing its deposit rates deeper into negative territory, to -0.50%; sweetening the terms of cheap loans to the banking sector; resuming asset purchases at a pace of €20 billion per month until further notice; and strengthening its forward guidance to say that rates will stay low until inflation nears the ECB's target near 2%. Outgoing ECB President Mario Draghi suggested that the central bank had exhausted its policy tools and appealed to eurozone governments to now take the lead in shoring up Europe's economy via more proactive fiscal policy. Draghi's eight-year term comes to an end on October 31st. He will be replaced by former International Monetary Fund Managing Director Christine Lagarde.

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HEADLINERS

Crowded positioning, reducing geopolitical and recession fears and stronger core inflation data helped send US Treasury yields sharply higher this week as the S&P 500 index rebounded to within 1% of record highs.

Profit margins in China are under pressure as plunging producer prices limit pricing power amid decreasing input costs. A steady drip of stimulus designed to limit the damage from the trade war is expected.

President Trump this week called on the US Federal Reserve to cut interest rates to zero or less so the US can refinance its debt and

lengthen the debt's term.

Analysts expect S&P 500 earnings per share to drop 3.6% in Q3. That would mark the third straight quarterly earnings decline, the first time that would happen since the fourth quarter of 2015 through the second quarter of 2016.

UK recession fears eased as the economy expanded faster than expected in July, growing 0.3%, up from June's flat reading. The combination of stronger data and receding Brexit fears sent the pound and gilt yields higher this week.



MAJOR STOCK MOVES

Shares of Broadcom Inc. AVGO fell 3.4% after the chip maker announced fiscal third-quarter earnings late Thursday that beat analyst expectations, though its outlook for the annual revenue was below what Wall

Street expected.

Apple AAPL fell 1.9% after Goldman Sachs lowered its price target on the grounds that the company's recently announced TV+ trial period would impact margins. Shares fell Friday.

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THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Sep 16	China	Industrial production, retail sales, investment
Tue, Sep 17	United States	Industrial production
Wed, Sep 18	Japan	Trade balance
Wed, Sep 18	United Kingdom	Consumer price index
Wed, Sep 18	United States	Fed meeting
Thu, Sep 19	Japan	Bank of Japan meeting
Thu, Sep 19	United Kingdom	Bank of England meeting
Fri, Sep 20	Canada	Retail sales



IRA WITHDRAWALS THAT ESCAPE THE 10% TAX

[Here is a list of IRA withdrawals](#) that may be taken without incurring a 10% early penalty has grown.

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