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WEEK IN REVIEW MARKETS MOVE UP ON JOBS REPORT

Review of the week ended March 9, 2018

- **Good news in Jobs report**
- **Trump may meet with Kim Jong Un**
- **Netflix may be in talks with Obamas**
- **Toys "R" Us may liquidate**

The Dow closed back above 25,000 and the Nasdaq ended at a record on Friday as Wall Street appeared to shake off worries about tariffs on steel and aluminum to focus on an unexpectedly strong jobs report.

The Dow Jones Industrial Average surged 440.53 points, or 1.8%, to end at 25,335.74 for a weekly gain of 3.3%. This is the first time the blue-chip index closed above 25,000 since Feb. 28.

The S&P 500 index climbed 47.60 points, or 1.7%, to close at 2,786.57, ending the week 3.5% higher. Financials, industrials and technology sectors all rallied more than 2%.

The Nasdaq Composite Index added 1.8%, to finish at 7,560.81, up 4.2% for the week.

Benchmark U.S. crude added \$1.92 or 3 percent, to \$62.04 a barrel in New York, while Brent crude, used to price international oils, rose \$1.88, or 3 percent, to \$65.49 a barrel in London.

The 10-year Treasury yield went out near 2.895% yielding a little more than the 2.857% set last Friday.

Gold prices settled slightly up \$2.30 to \$1,324 an ounce, while the ICE U.S. Dollar Index was flat.

Good news in Jobs Report

The U.S. created 313,000 new jobs in February, the biggest gain since mid-2016 and a reflection of the strongest labor market in two decades. Economists had predicted a 222,000 increase in nonfarm jobs. The unemployment rate was

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unchanged at 4.1%. Hourly pay rose 4 cents, or 0.1%, to \$26.75 an hour, the government said Friday. Economists had been expecting average hourly earnings to have risen 0.2%, after a 0.3% gain in January, with an overall jobs gain of 220,000. The subdued rise in wage growth for the month helped to ease worries about runaway inflation.

Investors had been apprehensive after January's upbeat jobs report was blamed for a meltdown by stocks last month. Investors are wary of signs that the U.S. labor market is tightening up, but the February wage figures appeared to be more muted than January's report, market participants said. Rapidly rising inflation could also add pressure on the Federal Reserve to speed up its rate rises, which could strangle the stock market. Investors were also still taking in reaction to Trump's tariff announcement, which weighed on Korean steelmakers in Asia.

Trump May Meet with Kim Jong Un

Markets appeared to largely dismiss news that Trump has accepted an invitation to meet North Korea's leader. The meeting could be held as early as May, according to a senior South Korean official who made the announcement at the White House on Thursday evening. Officials said Trump might meet to negotiate a potential end to

Pyongyang's nuclear weapons program. The White House later said the meeting won't happen unless North Korea takes "concrete steps" to match promises it has made.



Netflix May Be in Talks with the Obamas

Netflix rose \$14.44, or 4.6 percent, to \$331.44 after the New York Times reported that the streaming service is negotiating with Barack Obama to have the former president and his wife Michelle produce shows. The two sides haven't confirmed that they are in talks. GBH Insights analyst Daniel Ives said a deal with the Obamas would be "another major win for Netflix" as it tries to launch more and more original shows.

Toys "R" Us Inc. may liquidate

Toys "R" Us Inc. is making preparations

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for a liquidation of its bankrupt U.S. operations after so far failing to find a buyer or reach a debt restructuring deal with lenders, according to people familiar with the matter. While the situation is still fluid, a shutdown of the U.S. division has become increasingly likely in recent days, said the people, who asked not to be identified because the information is private. Hopes are fading that a buyer will emerge to keep some of the business operating, or that lenders will agree on terms of a debt restructuring, the people said.

The toy chain's U.S. division entered bankruptcy in September, planning to emerge with a leaner business model and more manageable debt. A new \$3.1 billion loan was obtained to keep the stores open during the turnaround effort, but results worsened more than expected during the holidays, casting doubt on the chain's viability. The news sent shares of the biggest toymakers tumbling in late trading. Mattel Inc. fell as much as 6.1 percent, while Hasbro Inc. declined 3 percent, while Hasbro Inc. declined 3 percent.

Major Stock Moves

Dana Inc. (DAN) shares jumped 3.6% after announcing a deal to combine with GKN PLC's (GKN) Driveline unit. Big Lots Inc. (BIG) shares skidded 10% after fourth-quarter results were announced.

Goldman Sachs Group Inc. (GS) shares rose 1.7% after the Wall Street Journal

reported that Chief Executive Lloyd Blankfein was preparing to retire as early as the end of 2018.

Wynn Resorts (WYNN) gained 5.5% after new CEO Matt Maddox said in a CNBC appearance the company isn't for sale.

Capital One Financial Corp., up \$2.64 to \$100.79 as banks rose due to interest rates moving up Friday following a strong jobs report. Schlumberger NV, up \$2.04 to \$68.78 along with other energy companies as oil prices recovered some of their recent losses.

Apple (AAPL) rose \$3.04, or 1.7 percent, to \$179.98 and Microsoft (MSFT) jumped \$2.11, or 2.2 percent, to \$96.54. Both finished at record highs.



Foreign Markets

European stocks mostly closed higher with France's CAC 40 rising 0.4 percent while Germany's DAX fell 0.1 percent. The FTSE 100 in Britain rose 0.3 percent. Asian markets were up across the board except India, South Korea's Kospi up 1.1 percent, Japan's benchmark Nikkei 225 gained 0.5 percent and Hong Kong's Hang Seng also rose 1.1 percent.

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THE WEEK AHEAD - UNITED STATES

Date

Release/Event

- Monday, March 12 Market Focus; Treasury Budget
- Tuesday, March 13 NFIB Small Business Optimism Index; Consumer Price Index
- Wednesday, March 14 Mortgage Applications; Retail Sales; Business Inventories
- Thursday, March 15 Jobless Claims; Bloomberg Consumer Comfort Index; Housing Market Index
- Friday, March 16 Housing Starts; Industrial Production; Consumer Sentiment



4 REASONS FOR THE RETURN OF MARKET VOLATILITY

Until early 2018, stocks were enjoying their longest period without a five percent pullback in nearly 90 years. But in early February, that calm came to a sudden and decisive end, as the Standard & Poor’s 500 Index fell more than six percent during the first three trading days of the month.

By February 8, stocks had fallen more than 10 percent from their January highs, leaving many investors to wonder how things could change so fast. Days later, sentiment had shifted yet again and stocks trended higher.

The sudden return of volatility has been attributed to a range of factors. [Here are four to consider.](#)

I will be glad to show you how I have helped a number of area residents learn how to deal with volatility in the market. Call today to schedule your personal appointment date and time.