



# INCISIVE INVESTOR

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## WEEK IN REVIEW

### NEW RECORDS IN WAKE OF U.S.-CHINA TRADE PACT



U.S. stocks closed slightly higher Friday, though well off intraday peaks, after President Donald Trump and Chinese officials announced a trade pact that includes a rollback of some tariffs, the scrapping of further duties originally set for Sunday, and promises of targeted U.S. agricultural purchases by China.

The Dow Jones Industrial Average DJIA rose 3.33 points, or less than 0.1% to 28,135.38, after hitting a high at 28,290.73, while the S&P 500 index SPX gained 0.23 points or 0.01% to 3,168.80, eking out a new record close, and the Nasdaq Composite Index COMP added 17.56 points, or 0.2%, to 8,734.88, also a record.

At session highs, the Dow had risen 158.68

points, or 0.6%, the S&P gained more than 14 points, or 0.4% and the Nasdaq gained 52 points, or 0.6%, with all three benchmarks setting new intraday highs.

For the week, the Dow gained 0.4%, while the S&P added 0.7% and the Nasdaq advanced 0.9%.



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## US, China reach trade settlement



US President Donald Trump and Chinese Vice Minister of Commerce Wang Shouwen each confirmed that the US and China have reached initial agreement on a phase one trade deal. Though its details are hazy, it is said that the deal will include the cancelation of tariffs scheduled to take effect Sunday. Furthermore, 15% tariffs will be reduced to 7.5% while 25% tariffs will remain in place. China agreed to unspecified agricultural purchases, to intellectual property protections, and to opening up its market to US financial services firms, among other measures. It has been reported that if China does not live up to its promises, the US will reserve the right to restore tariffs via a purported "snapback" provision.

## Conservatives move Brexit to large House of Commons

British Prime Minister Boris Johnson's

Conservative Party swept to victory in the UK general election this week, accomplishing a majority of at least 78 seats in the 650-seat House of Commons. The Labor Party secured only 203 seats to the Tories' 364, its' worst showing since 1935, stimulating Labor Party leader Jeremy Corbyn to announce that he will resign his leadership post in early 2020. After the vote, Parliament is expected to pass the withdrawal agreement, which Johnson negotiated with the European Union in October, by the Christmas holiday, setting the stage for the United Kingdom to quit the EU on January 31st. The UK and EU have until the end of 2020 to negotiate a trade agreement unless an extension of no more than two years is requested by July, something Johnson has previously ruled out. In response to greater clarity over Brexit, the pound rallied and gilt yields firmed modestly.

## USMCA anticipates congressional approval

An agreement between the White House and Democrats in the House of Representatives was reached this week paving the way for passage of the US-Mexico-Canada trade agreement, an alteration of the nearly three-decade-old NAFTA agreement. Officials from the three countries met in Mexico this week to approve revisions to the agreement, which is set for passage in the House before year-end. Additional labor provisions were among the amendments approved to secure Democratic backing.

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## HEADLINERS

Former US Federal Reserve Chair Paul Volcker who was credited with stamping out the runaway inflation of the late 1970s and early 1980s, died this week at age 92.

The Judiciary Committee of the US House of Representatives adopted two articles of impeachment against President Donald Trump on Friday. A vote of the full House is expected sometime next week. The House is widely expected to vote along party lines to impeach the president, though it is seen as unlikely that the required two-thirds of the Senate will vote to convict and remove him.

China's annual Central Economic Work Conference ceased mentioning an economic growth target for 2020 but did say that the government will focus on economic stability. China's growth rate is 6%, at the bottom of its 6% to 6.5% of the government's target range.

US retail sales fell short of forecasts in November, rising 0.2% in comparison to expectations for a 0.5% rise.

The US dollar index is on pace to close at the weakest level since July as diminishing uncertainty over issues like Brexit and trade reduce safe haven demand for the greenback.



### MAJOR STOCK MOVES

Broadcom Inc. AVGO shares fell 3.8%, after it missed fourth quarter profit forecasts late Thursday, though it raised its outlook for 2020. In addition, analysts expressed concern about the company's attitude toward its wireless-chip business, which it called "non-core" during a conference call.

Oracle Corp. ORCL were under pressure after the software company posted better-than-expected earnings for its fiscal second quarter but came up a bit short on

revenue, where it has struggled for years. Shares fell 3.5%.

Costco Wholesale Corp. COST declined 1.8% after the bulk retailer reported fiscal first quarter profit growth Thursday evening that beat analyst expectations, but sales growth that fell short.

Adobe Inc. ADBE shares gained 3.9% after the digital marketing and media company reported fiscal fourth-quarter adjusted earnings that beat analyst expectations and a more than 20% increase in revenue after the close Thursday.

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## THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Dec 16	China	Industrial production, retail sales, fixed asset investment
Mon, Dec 16	Global	Flash purchasing managers' indices
Tue, Dec 17	United States	Industrial production
Thu, Dec 19	Japan	Bank of Japan meeting
Thu, Dec 19	United Kingdom	Retail sales, Bank of England meeting
Thu, Dec 19	United States	Existing home sales
Fri, Dec 20	United States, United Kingdom	Gross domestic product



## PUT IT IN A LETTER

[A letter of instruction](#) provides additional and more personal information regarding your estate.

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