



# Weekly Market Update

JULY 8, 2019

## Weekly Market Commentary July 8, 2019

### The Markets

What will the Federal Reserve do now?

There was unexpected economic news last week. On Friday, the Bureau of Labor Statistics announced 224,000 new jobs were added in June, which was more than analysts had anticipated. The gains were offset a bit by reductions in April and May employment estimates. However, overall, the pace of jobs growth during second quarter was fairly consistent with jobs growth during the first quarter, reported Matthew Klein of *Barron's*.

Strong employment numbers invigorated some investors. As a result, the Standard & Poor's 500 Index, Dow Jones Industrial Average, and Nasdaq Composite finished the week near record highs.

Not everyone was jumping for joy, however.

The performance of the bond market continued to indicate some investors are worried about the possibility of recession. The yield curve remained inverted last week with the 10-year Treasury note trading at lower yields than 3-month Treasury bills. Yield curve inversions have been harbingers of recession in the past, reported Ben Levisohn of *Barron's*.

Time may provide greater clarity about the strength of the American economy. April Joyner of *Reuters* reported,

“It will likely take several months of economic data - along with results from the corporate earnings season later this month - to clarify the picture, investors say. In contrast to Friday's upbeat employment report, data earlier this week showed U.S. manufacturing and service activity in June declined to multi-year lows... Future data... may end up either confirming recession fears or altogether dashing the hopes for interest-rate cuts that have buoyed stocks.”

In its July meeting, the Federal Reserve will examine economic data and decide whether to lower rates. Investors have been anticipating a rate cut, reported Greg Robb of *MarketWatch*. If it doesn't happen, stock markets could be a bit volatile.

"Don't let  
yesterday  
take up too  
much of  
today."

~Will Rogers

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Data as of 7/5/19	1-Week	Y-T-D	1-Year	3-Year	5-Year
Standard & Poor's 500 (Domestic Stocks)	1.7%	19.3%	9.3%	12.7%	8.6%
Dow Jones Global ex-U.S.	0.7	12.2	-0.8	6.9	-0.1
10-year Treasury Note (Yield Only)	2.1	NA	2.8	1.4	2.6
Gold (per ounce)	-1.4	8.4	10.6	0.9	1.1
Bloomberg Commodity Index	-0.7	3.1	-7.5	-3.3	-9.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

### **SUCCUMBING TO THE POWER OF DIGITAL PERSUASION OR**

**NOT.** A lot has been written about Americans and smartphones – the crowd favorite among mobile devices. Eighty-five percent of U.S. participants in the *2018 Deloitte Global Mobile Survey* owned smartphones and checked their phones about 14 billion times a day.

Which amounts to approximately 52 times each. If you figure Americans are awake about 960 minutes each day, they check their phones every 18 minutes.

Almost three-in-ten Americans say that what they see on social media influences their decisions to buy or not buy. The percent rises to five-in-ten for millennials, according to the *UPS Pulse of the Online Shopper Survey*<sup>TM</sup>.

It is little wonder social media influencers have become a staple of digital marketing.

What are influencers? The *Influencer Marketing Hub* describes an influencer like this:

“An influencer is an individual who has the power to affect purchase decisions of others because of his/her authority, knowledge, position or relationship with his/her audience.”

Influencing has become a bona fide career path, a job with has its own set of *Federal Trade Commission* guidelines. For example, truth in advertising requires influencers to indicate when they've being paid to promote a product and also when they've received the product for free. Consumers should see the letters #ad before a comment or tweet when the influencer is promoting a brand or product.

Not everyone is impressed with the influence of influencers. *CBC* reported the owner of a Los Angeles ice cream truck got fed up with requests for free ice cream in exchange for online exposure. His solution was to start charging influencers twice the going rate.

The lesson may be that influence should be used judiciously.

## **Weekly Focus – Think About It**

“One thing I've learned through all the ups and downs is that if you're doing things right, then you have a core group of people. Not just a core group like your homies or your buddies, but a group of people that has a good influence on you, who you respect and admire, and you know that if they're on your side, you're doing something right.”

*--Hope Solo, former United States national soccer team goalkeeper*

Best regards,

Margaret O'Meara

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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\* This newsletter was prepared by Peak Advisor Alliance.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

\* The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.

\* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Past performance does not guarantee future results.

\* You cannot invest directly in an index.

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