



INCISIVE INVESTOR

Randall Fielder, President & CEO

1400 Broadfield Blvd. Suite 200

Houston, TX 77084 713-955-3555

WEEK IN REVIEW US STOCKS ENTER RECORD LONG BULL MARKET

Review of the week ended August 24, 2018

- **US stocks enters into the longest bull market**
- **Fed likely to hike rates in September**
- **Minimal progress as US-China end trade talks**
- **Turkey's sovereign debt downgraded**
- **Resolution of key NAFTA points may come soon**

U.S. stocks rose Friday, with the S&P 500 and the Nasdaq closing at records, after Federal Reserve Chairman Jerome Powell affirmed the central bank's strategy of gradually normalizing monetary policy, highlighting the strength in the economy and robust corporate results that have helped to support investment appetite for equities.

The S&P 500 index SPX added 17.71 points, or 0.6%, to 2,874.69, its first since record since Jan. 26. The Nasdaq Composite Index COMP climbed 67.52 points, or 0.9%, to 7,945.98, carving out its first all-time high since July 25.

The Dow Jones Industrial Average DJIA rose 133.37 points, or 0.5%, to 25,790.35, 3.2% away from its record close on Jan. 26.

For the week, the S&P logged a 0.9% gain—a second straight weekly rise. The Nasdaq advanced by 1.7% for the period, while the

Dow booked a 0.5% climb.

US stocks on direct path to enter into the longest-ever bull market

On Wednesday, the US stock market set a record for the longest-ever bull market (9 years, 5 months, 13 days). The S&P 500 Index rose to its first intraday record in nearly seven months on Tuesday, tying the length of the longest Bull Run seen from 1990 to 2000. The latest leg of the S&P Bull Run can be attributed to strong US economic growth and renewed strength in quarterly corporate earnings.

Fed insinuates at a rate hike next month

In freshly released minutes from its July 31–August 1 meeting, the US Federal Reserve suggested that there will be a rate hike next month if the economy performs in line with expectations. The officials also voiced their concerns about the trade war, stating that a

info@park10financial.com

www.park10financial.com



INCISIVE INVESTOR

lengthy clash could disrupt economic growth. With that said, the risks are not considered material enough to steer the Fed away from its current path of rate increases. Also, officials discussed the possibility of dropping the word "accommodative" in its description of policy from their post-meeting statement, stating that it may no longer be appropriate as they continue to raise rates. Earlier this week, US president Donald Trump expressed his unhappiness with the Fed's move toward raising rates and said that he will continue to criticize the central bank if it continues to hike them; in response, the US dollar and US government bonds fell Tuesday morning. Investors expect that the Fed will continue with its plan to raise rates two more times this year.

No sign of progress aparent as US-China trade talks close

The United States and China ended their two-day, midlevel trade talks with no progress in sight, reducing the projections of a deal soon. China seemed unwilling to further address either the Trump administration's concerns about the two-sided trade deficit, which the US finds too steep, or Beijing's efforts to get US companies to transfer technology to Chinese partners. A senior US official said that China must address issues raised by the US to get a positive result from these engagements. No discussions occurred regarding follow-up talks or any accomplishments. Amidst the talks, the US went ahead and levied tariffs on an added \$16

billion in Chinese goods, raising the total to \$50 billion; China immediately responded with similar tariffs on US goods.



Turkey's sovereign debt downgraded by Agencies

Both Standard & Poor's and Moody's credit rating agencies downgraded Turkey's sovereign debt into "junk" territory last Friday. Both agencies express concerns about Turkey's extreme volatility and economic uncertainty. S&P downgraded the country's long-term foreign currency sovereign credit rating to B+ and its long-term local currency rating to BB-. Moody's followed suit — lowering the rating to Ba2 from Ba3 — and issued a negative rating outlook.

US and Mexico move closer to resolving key NAFTA issues

The US and Mexico resumed North American Free Trade Agreement talks and indicated that they are closer to resolving some of the issues that have stalled the negotiations, which are

Information included above as well as individual companies and/or securities mentioned should not be construed as investment advice, recommendation to buy or sell or an indication of trading intent on behalf of anyone associated with Park 10 Financial, LLC. Information contained in this newsletter is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed.



INCISIVE INVESTOR

focused on revising the rules of origin for autos. Both countries are looking to sort out two-sided trade issues, hopefully in the next few days, before Canada rejoins the conversations. Canada, however, restated that it would need to be content with the new auto rules. If all three countries cannot come to an agreement before Mexican president Enrique Peña Nieto leaves office in December, things could become more complicated, as new Mexican President Andrés Manuel López Obrador would want a say in the deal.

New home sales experience decline in July

For the second consecutive month, new home sales fell 1.7%, to 627,000 units, failing to meet economists' expectations of a vigorous gain and the slowest pace since last October. The slowdown in new-home sales is one of the indications that rising input costs, supply limitations and financial conditions are cooling down the housing market. Additionally, the affordability challenges resulting from rising home prices and mortgage rates are causing the first sustained housing slowdown in five years.

MAJOR STOCK MOVES

Autodesk Inc. ADSK surged by more than 15% after it reported second-quarter earnings and revenue that beat expectations.

SunTrust Robinson Humphrey upgraded Netflix Inc. NFLX to buy from hold. The stock jumped 5.8%.

Arconic Inc. ARNC rose 4.7% on reports that the company is holding talks with several parties to sell itself.

Shares of HP Inc. HPQ fell 2% after the tech

company late Thursday reported third-quarter revenue that missed expectations, although its adjusted earnings came in above forecasts.

Intuit Inc. INTU rose 2% after it said that its chief executive officer and its chief technology officer planned to step down. The company named their replacements and reported adjusted fourth-quarter earnings that beat expectations.

Enbridge Inc. ENB agreed to buy Spectra Energy Partners SEP in a deal valued at \$3.3 billion. Enbridge shares fell 1.3% and Spectra shares were up 3.6%.

Hibbett Sports Inc. HIBB sank by more than 30% after the retailer reported second-quarter revenue and same-store sales that were below expectations. It also cut its 2019 profit outlook.

Buckle Inc. BKE shares tumbled 4.5% after the company reported second-quarter results that topped expectations.

Gap Inc. GPS posted second-quarter earnings and sales that beat expectations, but same-store sales at its flagship stores that lagged behind. Gap shares skidded 8.6%.

Shares of Papa John's International Inc. PZZA closed up 4.6% after reports that the pizza maker had hired bankers to explore its strategic options and stabilize the company after its longstanding CEO was ousted.

S&P Dow Jones Indices late Thursday said that Arista Networks Inc. ANET would join the S&P 500, replacing GGP Inc. GGP which is being bought by Brookfield Property Partners LP BPY.





INCISIVE INVESTOR

THE WEEK AHEAD

Date	Country/Area	Release/Event
Wed, Aug 22	Canada	Retail sales
Wed, Aug 22	United States	Existing home sales, FOMC minutes
Thu, Aug 23	Eurozone	Manufacturing PMI
Thu, Aug 23	United States	Manufacturing PMI, housing price index
Thu, Aug 23	Japan	Consumer price index
Fri, Aug 24	United States	Durable goods orders



SAVING FOR COLLEGE 101

Here is a crash course on saving for college. [Click to learn more.](#)

-Randall Fielder
(713-955-3555, randall@park10financial.com)