



INCISIVE INVESTOR

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WEEK IN REVIEW

REVIVED HOPE FOR U.S. - CHINA TRADE



U.S. stocks closed at fresh record highs on Friday on revived hopes for a U.S. - China trade deal despite mixed economic data.

The Dow hit 28,000 for the first time after posting a fourth straight week of gains, while the S&P500 index rallied for a sixth week, its longest winning streak since November 2017.

The Dow Jones Industrial Average DJIA rose 222.93 points, or 0.8%, to 28,004.89, while the S&P 500 index SPX gained 23.83 points, or 0.77%, to trade at 3,120.46. The Nasdaq Composite index COMP was up 61.81 points, or 0.73%, to 8,540.83.

Year-to-date the Dow is up 20.05%, the S&P 500 has gained 24.48% and the Nasdaq 28.72%

On Thursday, the Dow ended marginally lower, falling 1.63 points to 27,781.96, a day after eking out a record close. The S&P 500, meanwhile, tiptoed further into uncharted territory with a rise of 2.59 points, or 0.1%, to end at 3,096.63 — it's 21st record close of 2019. The Nasdaq Composite edged 3.08 points lower, a decline of less than 0.1%, to finish at 8,479.02.



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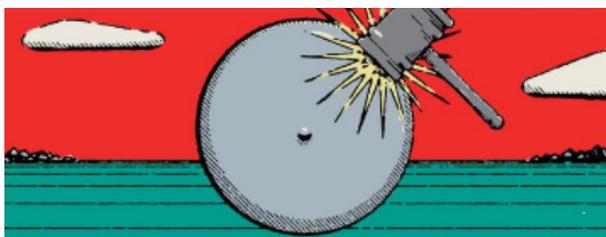
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Markets optimistic for trade deal but complications remain



While markets are hopeful that the US and China will reach a phase one trade agreement by the end of the year, familiar obstacles continue to obstruct negotiations. China remains cautious of US demands that it make very large agricultural purchases while the US continues to resist the rollback of existing tariffs. US President Donald Trump said this week that a significant phase one deal could happen soon but that the US would only accept an agreement if it is good for US workers. Late in the week, White House economic adviser Larry Kudlow expressed confidence regarding a deal, saying talks were making very good progress. Separately, Trump is expected to delay for another six months a decision on levying tariffs on imported autos on national security grounds.

Hong Kong tensions intensify

Unrest in Hong Kong escalated this week, with schools, transit systems and businesses all experiencing significant disruptions due to anti-government protests. Reports circulated late in the week that the territory's chief

executive, Carrie Lam, will impose a weekend curfew to subdue the violence. On Friday, Hong Kong's number two official warned of more decisive measures to end the demonstrations after Chinese President Xi Jinping warned that their continuation threatened the "one country, two systems" agreement that grants Hong Kong a measure of independence. In response to the unrest, US lawmakers renewed efforts this week to pass legislation that would require the US secretary of state to certify annually that Hong Kong is autonomous enough to continue to be eligible for the special US trading considerations that boosts the region's status as a world financial center. The legislative efforts come despite protests by Beijing that they would constitute interference in China's domestic affairs.

Powell indicates Fed likely will remain on hold

In testimony on Capitol Hill this week, US Federal Reserve Chair Jerome Powell indicated that monetary policy is likely to remain appropriate as long as US economic data continue to support the Fed's outlook, though noting that policy is not on a preset course. Powell repeated warnings that the federal budget is on an unsustainable path. Also this week, Fed Vice Chair Richard Clarida said there was little evidence that rising wages are putting extreme upward pressure on price inflation, noting inflation expectations are at the low end of the Fed's acceptable range.

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HEADLINERS

Speaker of the US House of Representatives Nancy Pelosi said Thursday that a development in negotiations aimed at passing the US-Mexico-Canada Agreement could be happening soon.

US retail sales rose 0.3% in October while industrial production slipped 0.8%, partly weighed down by a since-settled strike against General Motors.

Public hearings begun this week as part of the US House of Representatives impeachment i

nquiry aimed at President Trump. Markets remain unaffected by the process given the low probability that Trump will be convicted and removed from office by a GOP-controlled Senate if impeached by the Democrat-majority House.

Congressional leaders have agreed to pass a short-term bill funding the US government through December 20th. Government funding is set to run out on November 21st if no action is taken.



MAJOR STOCK MOVES

Stocks that would benefit from a U.S. - China trade deal like Caterpillar CAT, Apple AAPL, and Boeing BA all rose.

Health care stocks rose XLV after Trump administration Friday released a far-reaching plan that would for the first time force hospitals and insurers to disclose their secret negotiated rates.

Shares of Applied Materials Inc. AMAT jumped after earnings beat Wall Street expectations even though the chip company late Thursday reported a fall in profit from a year ago. The chip makes outlook though also pointed to a recovery for the beaten-down semiconductor industry.

Chip maker Nvidia Corp. NVDA late Thursday forecast a return to revenue growth after four quarters of declines and beat estimates

for its quarterly results but shares fell.

Shares of furniture maker RH RH were up more than 6% Friday after Warren Buffett's Berkshire Hathaway Inc. BRK.B, BRK.A revealed in a regulatory filing that it had bought 1.2 million shares of the company formerly known as Restoration Hardware.

Berkshire also revealed that it owned nearly 7.5 million shares of Occidental Petroleum Corp. OXY worth around \$332 million as of the end of the third quarter. Berkshire in April committed \$10 billion to help Occidental in its bid for Anadarko Petroleum Corp, giving the company an edge over Chevron Corp. CVX which later bowed out of the fight for Anadarko.

Shares of J.C. Penney Co. Inc. rallied more than 7% after the department store retailer reported narrower-than-expected losses in the third quarter.

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THE WEEK AHEAD

Date	Country/Area	Release/Event
Tue, Nov 19	United States	Housing starts, building permits
Wed, Nov 20	Japan	Trade balance
Wed, Nov 20	United States	Minutes of October FOMC meeting
Thu, Nov 21	United States	Existing home sales
Fri, Nov 22	Global	Flash purchasing managers' indices



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