



# INCISIVE INVESTOR

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## WEEK IN REVIEW

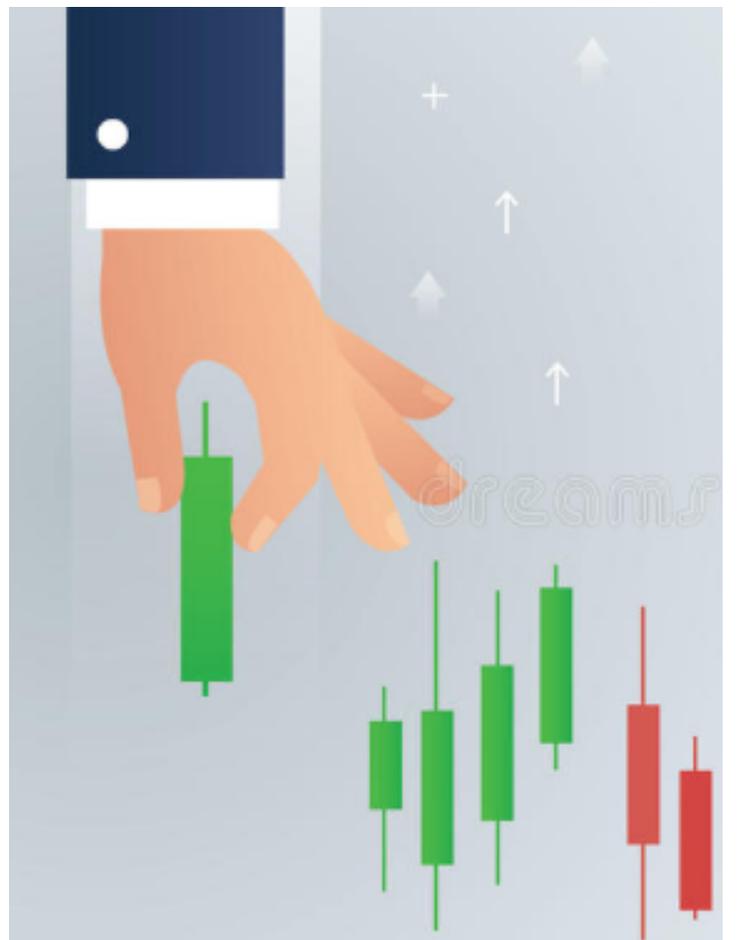
# DOW BRIEFLY TOPS 29,000 MILESTONE



The Dow Jones Industrial Average DJIA lost 133.13 points, or 0.5%, to end at 28,823.77, while the S&P 500 index SPX fell 9.35 points, or 0.3%, to close at 3,265.35. The Nasdaq Composite Index SPX closed down 24.57 points, or 0.3%, at 9,178.86.

All three major benchmarks indexes set new intraday highs Friday and the main indexes all posted gains for the week despite Friday's weak close. The Dow saw a 0.7% weekly advance, while the S&P 500 rose 0.9% and the Nasdaq gained 1.8%.

On Thursday, the Dow gained 211.81 points, or 0.7%, to close at 28,956.90, while the S&P 500 index rose 21.65 points, or 0.7%, to 3,274.70. The Nasdaq Composite Index added 74.18 points to finish at 9,203.43, a gain of 0.8%.



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## MACRO NEWS

### Middle East crisis ceases momentarily



Markets no longer expect an escalation in the conflict between the US and Iran after Iran launched what was seen as an unprovocative retaliatory strike on military bases in Iraq where US service members are stationed. The missile barrage was Iran's response to the killing of Iranian general Qassem Soleimani by US forces last week in Baghdad. Tragically, a commercial airliner was shot down after Wednesday's missile strike. The United States, United Kingdom and Canada have concluded that the plane was mistakenly downed by Iranian air defenses. One hundred seventy-six people were killed in the crash, including 63 Canadians. Earlier in the week, the Iraqi parliament passed a nonbinding resolution calling on the United States to leave Iraq, though Kurdish and Sunni lawmakers mostly

withheld from the vote. Also this week, Iran announced that it would no longer be bound by the Joint Comprehensive Plan of Action, more commonly known as the Iran nuclear deal.

### US limits tenth year of payroll growth



US nonfarm payrolls grew a slower-than-expected 145,000 in December while the nation's unemployment rate held steady at 3.5%. Only a modest downward revision to the very strong 256,000 job gain posted in November was reported. The pace of wage growth slowed to a 2.9% annual rate, the slowest since July 2018. The December data showed that payroll employment rose for the tenth consecutive year, the longest such stretch in the 80 years the Bureau of Labor Statistics has collected employment figures.

### Bernanke declares QE here to stay

Former US Federal Reserve Board chair Ben Bernanke told the American Economic Association this week that the Fed should make unusual tools a permanent part of the central bank's arsenal. The combination of measurable easing and forward guidance combine for about 300 basis points of easing in the federal fund's target rate, he said.

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## HEADLINERS

Chinese officials confirm a January 15th signing ceremony at the White House for phase one of US-China trade agreement.

British lawmakers formalize Brexit vote confirming that the United Kingdom will cease being a member of the European Union at the end of the month.

Outgoing Bank of England Governor Mark Carney says central banks are running out of ammunition, risking a liquidity trap — where interest rates are low and savings are high — rendering monetary policy ineffective.

European investor sentiment rose to 7.6 in January, the highest level since November

2018, from 0.7 in December.

China's financial watchdog published guidelines this week that will encourage the conversion of household savings into long-term capital markets funds. The move is seen boosting equities given household savings of approximately \$10 trillion.

If articles of impeachment are transmitted by the US House of Representatives to the Senate in the coming days, the impeachment trial of President Donald Trump could begin as soon as next week. Given that a two-thirds majority of senators is required to convict and remove the president, Trump's removal appears unlikely.

## MAJOR STOCK MOVES

Shares of KB Home KBH fell 3.2% Friday after the home builder reported fourth-quarter earnings late Thursday. Total revenue rose to \$1.56 billion from \$1.35 billion a year ago. Analysts were looking for \$1.61 billion.

Boeing Co. BA released internal communications that revealed how employees persuaded airline and government officials to conclude that flight-simulator training wasn't necessary for the 737 MAX. Shares fell 1.9%.

Spirit AeroSystems Holdings Inc., SPR, which supplies Boeing Co. 737 Max jets with fuselage, wing components, and other major structures, said Friday it would lay off about

2,800 workers at its Kansas plant and plan more layoffs in the coming weeks. Shares fell 4.3%.

Shares of Grubhub Inc. GRUB fell 6% after the food-ordering company said isn't looking to be sold, countering reports from the New York Post that had suggested otherwise.

Eli Lilly & Co. LLY announced a deal Friday to purchase Dermira Inc., a medical dermatology company, for \$1.1 billion. The stock closed up 1.5%.

Shares of Six Flags Entertainment Corp. SIX plummeted 17.8% Friday, their biggest-ever one-day decline after the theme park operator warned of a fourth-quarter revenue shortfall and said its partner in China has defaulted on its agreements.

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## THE WEEK AHEAD

| Date        | Country/Area   | Release/Event                            |
|-------------|----------------|--|
| Mon, Jan 13 | United Kingdom | Gross domestic product                   |
| Tue, Jan 14 | China          | Trade balance                            |
| Tue, Jan 14 | United States  | Consumer price index                     |
| Wed, Jan 15 | Eurozone       | Industrial production                    |
| Wed, Jan 15 | United Kingdom | Consumer price index                     |
| Wed, Jan 15 | United States  | US-China trade deal signing              |
| Thu, Jan 16 | United States  | Retail sales                             |
| Fri, Jan 17 | China          | Retail sales, GDP, industrial production |
| Fri, Jan 17 | United Kingdom | Retail sales                             |
| Fri, Jan 17 | Eurozone       | Consumer price index                     |
| Fri, Jan 17 | United States  | Industrial production                    |



## A LOOK AT WHOLE LIFE INSURANCE

Whole life insurance remains in force as long as you remain current with premiums. [Here's how it works.](#)

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