



# Weekly Commentary

August 26, 2019

In observance of the holiday, our office and the stock markets are **CLOSED on Monday, September 2nd**  
Have a safe and wonderful Labor Day Weekend!

## THE MARKETS

Have you ever watched a lake in a thunderstorm?

Heavy rain pummels the surface. Dark clouds drop the sky closer to the water. Gusty winds crash waves ashore. Up top, on land, damage may occur. Underneath, in the deeper water, things often remain pretty much the same.

Last week's stock market volatility was like a thunderstorm on a lake. Markets were doing well until the squall brewed up on Friday. Ben Levisohn of *Barron's* described it like this:

"The fun started on Friday morning, when China announced new tariffs on \$75 billion of U.S. goods and a resumption of penalties on U.S. cars. Surprisingly, the market handled it pretty well. U.S. futures markets dipped into the red, but only a bit, and the market appeared ready to shrug off the news, particularly after [Federal Reserve Chair] Powell stuck to his message: The Fed will

'act as appropriate to sustain the expansion'...That wasn't enough for the president...he turned his wrath on China and 'ordered' U.S. companies to 'immediately start looking for an alternative to China.' Now that's escalation – even if it's unclear whether the president can legally do that."

Unsettled, stock markets seethed and stormed. By the end of the day, major U.S. stock indices were lower, and that's how they finished the week.

The U.S. economy, which is the deep water under the U.S. stock market, continued along as usual. On Friday, *The Economist* reported, "...economic data do not suggest that America is sliding into recession. Although inflation remains low and manufacturing activity is weakening, consumers keep spending and there is little sign that unemployment is about to rise."

The economy isn't moving fast, but it's moving steady. Stock markets, on the other hand, are suffering the storms of investor sentiment and anxiety.

Data as of 8/23/2019	1 WEEK	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Standard & Poor's 500 (Domestic Stocks)	-1.4%	13.6%	-1.0%	9.2%	7.3%	10.8%
Dow Jones Global ex-U.S.	0.7	5.4	-6.5	2.3	-1.0	2.3
10-year Treasury Note (Yield Only)	1.5	NA	2.8	1.6	2.4	3.5
Gold (per ounce)	-0.8	17.3	26.1	3.9	3.2	4.7
Bloomberg Commodity Index	-0.9	-0.9	-8.5	-4.0	-9.5	-5.1

Notes: S&P 500, DJ 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.

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**SUMMER HOURS:**  
Monday - Thursday 8a - 5p  
Fridays 8a - 4p  
Weekends By Appointment Only

## HAPPY ANNIVERSARY!

You've probably been hearing and reading a lot about Woodstock, the iconic 1969 music festival. Americans have been celebrating the event's 50th anniversary.

In August 1969, Woodstock staged 32 acts, attracted 400,000 attendees (without social media), and featured intermittent downpours.

Rain-soaked performers, including The Who, Janis Joplin, Creedence Clearwater Revival, Joe Cocker, Sly and the Family Stone, Jimi Hendrix, and Crosby, Stills, Nash and Young, braved "...the danger of electrical shocks and general backstage anarchy," wrote *Rolling Stone Magazine*.

Woodstock made *Rolling Stone's* 2004 list of *50 Moments That Changed Rock and Roll*, along with the evolution of Chess Records, the death of John Lennon, and the invention of the iPod.

Since 1969, music festivals have become a staple of summertime entertainment. *Planet Money* reported about 100 events will have been scheduled in the United States this year. Most will have production standards far superior to those at Woodstock.

They also cost a lot more.

If festival ticket prices increased with inflation, they would cost about five times what they did in the late 70s, reported *The Economist*. Instead, tickets cost about 50 times more.

Attendees are getting a lot more for their money. A festival organizer in Britain said arranging a music festival is akin to setting up a small town with scaffolding and a crew to build it. Festival goers need water, food, drinks, Wi-Fi, security, and bathrooms.



Oh! And music.

The economics of the music industry have changed dramatically. At one time, performers made most of their money selling records and would tour to promote newly released songs. Today, artists make most of their money going on tour and new releases are a way to attract fans to a show.

Today, succeeding in the music industry is all about making the fan experience worth the price.

## WEEKLY FOCUS – THINK ABOUT IT

"We feared that the music which had given us sustenance was in danger of spiritual starvation. We feared it losing its sense of purpose, we feared it falling into fattened hands, we feared it floundering in a mire of spectacle, finance, and vapid technical complexity. We would call forth in our minds the image of Paul Revere, riding through the American night, petitioning the people to wake up, to take up arms. We, too, would take up arms, the arms of our generation, the electric guitar and the microphone."

-Patti Smith, Singer and songwriter

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. Michael A. Poland, CFA® – Financial Advisor and Portfolio Manager. Mike is a Chartered Financial Analyst with a BA from Michigan State University and an MBA from the University of St. Thomas, in St. Paul, Minnesota. Mike has been in the financial service industry since 1989. Mike's prior experience was with PaineWebber, Merrill Lynch and Lehmann Financial. Mike is a member of the CFA Society of West Michigan, and has served on the boards of The Builders Exchange of Grand Rapids and West Michigan, Mona Shores Education Foundation, and the West Michigan Symphony Orchestra. Mike lives in Norton Shores with his wife and three children.

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