



INCISIVE INVESTOR

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WEEK IN REVIEW BIG WEEK FOR TECH AND OIL

Review of the week ended October 27, 2017

- **Tech stocks and oil on the move**
- **Progress on US budget opens way for tax bill**
- **US Q3 GDP advances at 3.0% annual rate**
- **German business sentiment sets record high**
- **Japan's Nikkei 225 index hits 21 year high**

U.S. major stock indexes ended higher on Friday after stronger-than-expected earnings from the tech sector buoyed the Nasdaq and S&P 500 to all-time highs this week. Amazon.com Inc., Microsoft Corp., Alphabet Inc. and Intel Corp. posted solid third-quarter earnings. That helped the tech-heavy Nasdaq Composite Index to notch its largest single-day gain since Nov. 7, 2016.

The S&P 500 scored its seventh straight weekly gain, while the Nasdaq hit its fifth consecutive such rise. The S&P 500 rose 0.8% to 2581 points, pushing weekly gains to 0.2%. The Dow Jones Industrial Average rose 0.1% to 23434 points, generating a weeklong gain of 0.5%. The Nasdaq Composite Index jumped 2.2% to 6701

points, 1.1% for the week.

Oil prices rallied on Friday, sending the global crude benchmark above \$60 a barrel for the first time in more than two years and lifting the U.S. benchmark for the commodity to its highest finish in nearly eight months. Prices found support on speculation that the Organization of the Petroleum Exporting Countries and other major producers will agree to extend their production-cut deal through the end of the next year.

December Brent, the global benchmark rose \$1.14, or 1.9%, to finish at \$60.44 a barrel on the ICE Futures exchange in London. That was the highest settlement for a front-month contract since July 2015. The contract rose about 4.7% for the week.

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On the New York Mercantile Exchange, December West Texas Intermediate crude, the U.S. benchmark, tacked on \$1.26, or 2.4%, to settle at \$53.90 a barrel, marking a nearly eight-month high. For the week, it gained around 4%.

Yields on US 10-year Treasury notes continued their rise, ending the week at 2.42%, up from 2.38% a week ago while equity market volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), advanced to 10.8 from 9.9 last week.

US House passes Senate's budget blueprint; tax reform next

After a year of dysfunction, congressional Republicans appear to be rallying around efforts to reform the bloated US tax code. On Thursday, the House of Representatives passed the Senate's budget bill, laying the procedural groundwork for the passage of a tax reform package without any support from the Democratic opposition. An initial bill is set to be released as early as next week, with a vote possible by late November. Details of the measure are still being worked out as constituents balk over the potential loss of tax deductions for state and local taxes, as well as potential changes to the tax treatment of retirement plans such as 401(k)s.

Pace of US GDP growth exceeds forecasts

The US economy grew at a faster-than-forecast pace of 3% in the third quarter, handily beating 2.5% forecasts. Economists had expected a moderate Q3 slowdown because of the impacts of hurricanes Harvey and Irma. Real consumer spending showed continued strength last quarter, rising 2.4%, which exceeded forecasts for a 2.2% advance. Core inflation remained well below the US Federal Reserve's 2% target, coming in steady at 1.3%.

GLOBAL NEWS

German business confidence jumps

The Ifo Business Climate Index hit a record high this week, reflecting confidence that Europe's economic recovery will extend into the future. The improved sentiment is notable in that it comes against a backdrop of uncertainty surrounding Brexit, Catalan independence and the final makeup of Angela Merkel's ruling coalition.

Japan's Abe secures supermajority

Japanese Prime Minister Shinzo Abe won a landslide victory in last weekend's general election, opening the way for a push to amend the country's pacifist constitution. Abe campaigned on the idea that the threat from North Korea requires leaders

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to remove any doubt over the legitimacy of Japan’s military. In the wake of Abe’s reelection, the Nikkei 225 Index ended the

week above 22,000 for the first time in 21 years.

THE WEEK AHEAD

Date	Country/Area	Release/Event
• Mon, Oct 30	United States	Personal income/spending, core Personal Consumption Expenditure index
• Tue, Oct 31	China	Purchasing manager's indices
• Tue, Oct 31	Japan	Bank of Japan rate decision
• Tue, Oct 31	Eurozone	Q3 gross domestic product, unemployment, consumer prices
• Wed, Nov 1	Japan, UK, US	Manufacturing PMIs
• Wed, Nov 1	US	Federal Open Market Committee rate-setting meeting
• Thu, Nov 2	United Kingdom	Bank of England rate-setting meeting
• Fri, Nov 3	US	Employment report
• Fri, Nov 3	Canada	Employment, trade reports

Fire Yourself Or Fire Your Advisor?

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If two or more of these descriptions sound like you, it's time to fire yourself and hire an advisor. If two or more of the next 10 descriptions sound like your advisor, it's time to fire them. Along the way, consider the various options and add something, if I missed it.

It's time to fire yourself as your own financial advisor and hire a professional if:

1. You find yourself watching the inter-day market movements on your laptop at work, while your work desktop is on (assuming you're not a financial analyst or advisor).

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2. You spend more time watching the stock ticker APPL than you do emailing your spouse.
3. You research and trade your account for 6 hours every evening and can't give the ages of your children.
4. You beat yourself up because you didn't buy at least one Bitcoin.
5. You own some stocks but don't actually know what's in your portfolio without looking at it.
6. You really don't enjoy trading, but you do it to save on fees.
7. All your stocks are down this year.
8. You can quote the market price of every stock you own at any time of the day, but are 3 weeks behind on that report your boss wants.
9. You check your balance online at least twice daily.
10. You believe oil prices are strictly determined by supply and demand.

If at least two of the above describe you, you need to seek the help of a professional. Either one skilled in investment management or the one behind the desk shuffling Rorschach ink blot cards. The debate over use-an-advisor/do-it-yourself rages on, usually around the perceived high fees. By the time you factor in your self-payment for your time, I wonder, if it's really worth it to do it yourself. There are many well-trained traders that have the experience and discipline to manage their own portfolios. They generally do not need an advisor. However, unless investment research and analysis is a full time job or a full time hobby for you, maybe you should reconsider outsourcing.

It's time to fire your financial advisor if:

1. You haven't heard from him directly or electronically in 4 months.
2. You were promised or "guaranteed" any specific return (unless you own an FDIC guaranteed CD).
3. You received more than 2 offers to buy another product from him this quarter.
4. Every stock in your portfolio is down this year.
5. You never received a statement.
6. Any of your recommended stocks cost less than \$1.00.

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7. Your advisor collected a commission for selling you Bitcoin which is held “off the balance sheet”
8. You own an index fund or a portfolio of ETFs which hasn’t changed or been rebalanced since 2011.
9. Your advisor bought you stock in a Bolivian emerald mine.
10. You don’t know exactly what your advisor is getting paid for (and how much).

The biggest mistake investors make is that they do not know the difference between a broker, who is paid to sell product and an investment adviser whose only business is to manage client portfolios. There are literally thousands of professionally trained, experienced investment advisers and they do not get paid to sell a product. They may charge you a percentage of assets under their management. It’s usually around 1% and does not include transaction execution costs. They may charge you an hourly charge like other professionals or they may charge you a flat fee.

[Editor’s note: Park 10 Financial, LLC is a registered investment adviser.](#)



I will be glad to show you how I have helped many other area residents plan for a more secure future for themselves and their heirs. Have you done enough to determine that your investments allocated properly for you goals, dreams, and legacy? Call today to schedule your personal appointment date and time.

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