



# INCISIVE INVESTOR

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## WEEK IN REVIEW

### STOCKS REMAIN ON TRACK DESPITE TRADE WORRIES



Stock trimmed early gains Friday to trade mostly higher on the final trading day of August. Equities are on track for the best week since June, but are set to book the first losing month since May as the U.S.-China trade war escalated.

The Dow Jones Industrial Average YMU19 was up 55 points, or 0.3%, at 26,415, while the S&P 500 index ESU19 was up 2 points, or 0.1%, at 2,927. The Nasdaq Composite Index NQU19 retreated 25 points, or 0.3%, to trade at 7,949.

For the week, the S&P is up 2.8%, while the Dow has gained 3.1% and the Nasdaq has rebounded 2.5% — on track for the biggest rise since the week ended June 7.

The major indexes are on track for their first

losing month since May — and second losing month of 2019. The S&P 500 is on pace for a 1.8% decline, the Dow is set to fall 1.7% and the Nasdaq is down 2.8%. U.S. markets will be closed Monday for the Labor Day holiday.



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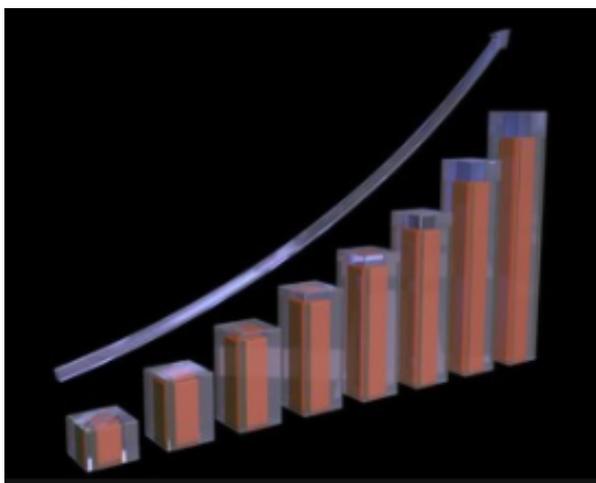
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## MACRO NEWS

### Softening trade tensions boosts markets



Comments from the Chinese commerce ministry confirming that trade talks remain scheduled for September in Washington helped calm distressed nerves late in the week. After a week of increasing tensions last week, this week saw a modest change in tone from both the United States and China, with China promising not to immediately strike back against the latest tariff hike announced by the US last week. On Thursday, US President Donald Trump said that trade talks would occur "at a different level" that day, but he did not define what he meant by "a different level."

### Mnuchin says Treasury considers issuing ultra-long bonds

In an interview with Bloomberg News, US Treasury Secretary Steven Mnuchin said his agency is giving very serious thought to

issuing bonds with ultra-long maturities. The comments came amid a decline in US 30-year bond yields to record lows below 2%. The Treasury Department has looked at issuing very long bonds twice in the last decade, but has decided against it each time. The hope of locking in very low interest rates on Treasury borrowing seems to have invigorated the concept once again.

### Fears rise as Johnson moves to suspend Parliament



Announcing a new legislative plan, British Prime Minister Boris Johnson has arranged to suspend Parliament for a critical five week period leading up to the October 31st Brexit date. Lawmakers will have very little time to take action to block a no-deal Brexit or to pass a motion of no confidence in Johnson. The prime minister hopes to wring givebacks on the Irish backstop from the European Union if it is challenged with a no-deal outcome. Members of Parliament return from their summer recess on Monday and have a week to try and shape the course of Brexit or pass a gesture of no confidence in the government.

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## HEADLINERS

The US and Japan announced a tentative trade agreement at last weekend's G7 meeting in France. The deal covers agriculture, industrial tariffs and digital trade. The two sides hope to sign the final arrangement next month at the United Nations General Assembly in New York.

The US and France reached a compromise over France's digital tax. Under the agreement, France's 3% tax will be removed once an international agreement is reached.

China reportedly rejected a plan offered by Hong Kong's chief executive earlier this summer to lessen mass protests by withdrawing a contentious extradition bill. Reuters reports that China ordered Carrie Lamb not to give in to the protestors demands.

As the yuan weakens, China is tightening capital controls, ordering banks to seek extra documentation before approving foreign payments, according to Nikkei.



## MAJOR STOCK MOVES

Shares of Dell Technology Inc. DELL were up 7.1%. After Thursday's closing bell, it reported second-quarter results that topped Wall Street estimates.

Tesla Inc.'s TSLA stock rose 1.8%, after a Reuters report that China will exempt 16 of the electric-car company's models from a new purchase tax.

American Outdoor Brands Corp. AOBC late Thursday reported quarterly results and delivered an outlook that disappointed investors. Shares fell 17.8%.

Shares of Ulta Beauty Inc. ULTA were down 29.6%, after the cosmetics retailer reported

disappointing second-quarter results Thursday evening.

Shares of Marvell Technology Group Ltd. MRVL were down 0.4% after the chip maker reported second-quarter results late Thursday that exceeded Wall Street estimates, but offered weak third-quarter guidance tied to the U.S. government's export restrictions regarding Chinese telecom giant Huawei Technologies Co.

Shares of Big Lots Inc. BIG were 4.1% higher after delivering second-quarter results.

Campbell Soup Co. CPB stock rose 8%, after reporting better-than-expected fiscal fourth-quarter earnings.

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## THE WEEK AHEAD

| Date       | Country/Area                    | Release/Event                              |
|------------|---------------------------------|--|
| Mon, Sep 2 | Japan, Eurozone, United Kingdom | Manufacturing purchasing managers' indices |
| Tue, Sep 3 | United States                   | Manufacturing PMI                          |
| Wed, Sep 4 | Japan, Eurozone, UK             | Services PMI                               |
| Wed, Sep 4 | Eurozone                        | Retail sales                               |
| Wed, Sep 4 | Canada                          | Bank of Canada rate-setting meeting        |
| Thu, Sep 5 | United States                   | Non-manufacturing PMI, productivity        |
| Fri, Sep 6 | Eurozone                        | Gross domestic product                     |
| Fri, Sep 6 | United States, Canada           | Employment report                          |



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