



# INCISIVE INVESTOR

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## WEEK IN REVIEW: BEST HALF-YEAR GAINS IN YEARS

### Review of the week ended June 30, 2017

- **Stocks up for the best half-year since 2013**
- **Central bankers have more hawkish tone**
- **US Q1 GDP revised up**
- **Eurozone economic sentiment soars**
- **Brazil's president faces corruption charges**

U.S. stocks closed modestly higher Friday after trimming gains in the last few minutes of trading. But steep losses in technology and health-cares stocks earlier in the week resulted in poor weekly performance for the S&P 500 and Nasdaq. The S&P 500 rose 0.2%, to 2,423.41, but ended the week 0.6% lower. Over the month, the large-cap index gained 0.5% and advanced by 2.6% over the past quarter. The index is up 8.2% year to date, its best half-year performance since 2013.

The Dow Jones Industrial Average advanced 0.3%, to 21,349.63, ending the week 0.2% lower. The blue-chip index gained 1.6% over the month, 3.3% over the quarter and 8% over the first half of the year.

The Nasdaq Composite index reversed earlier gains to close 0.1% lower at 6,140.42. The tech-heavy index booked a

2% weekly and 0.9% monthly loss after recent selloffs in technology stocks. Among biggest gainers this week, Nike Inc. rallied 11.6%, much of the gains coming on Friday.

Global equities fell modestly this week amid central bank chatter concerning scaling back monetary stimulus. Yields rose on the talk, with the 10-year Treasury note ending the week at 2.29%, up from 2.15% a week ago. Oil prices recovered some of their recent losses, rising to \$45.40 from \$42.65 last Friday. Volatility, as measured by the Chicago Board Options Exchange Volatility Index, ticked up to 10.9 from 10.6.

### **Easy money era nearing an end?**

Markets turned turbulent this week after a series of hawkish comments from developed-market central bankers suggested the era of ultra-loose monetary policy may be nearing its end. European

Central Bank president Mario Draghi's speech on Tuesday to a gathering of central bankers in Portugal was read as suggesting that the ECB is considering curbing its asset-buying program. The ECB pushed back on that interpretation, but the market refused to be spun. European bond yields rose sharply, as did the euro on foreign exchange markets. Bank of England governor Mark Carney, after saying only a week ago that now is not the time to raise interest rates, reversed course and said the Monetary Policy Committee will debate a rate move in the next few months. Meanwhile, US Federal Reserve chair Janet Yellen and Vice Chair Stanley Fischer both voiced concerns that equity and other asset valuations are on the rich side, which suggests that financial stability worries could keep the Fed on a tightening path, despite easing US inflation pressures.

## **US growth in first Quarter revised higher**

US economic growth in the hard-to-measure first quarter of the year was revised higher for a second time on Thursday. Gross domestic product expanded at a 1.4% annual rate, the US Bureau of Economic Analysis reported.

That's up from the 1.2% reading in the last revision. Improved consumer spending was the main driver of the revision, the BEA said. The initial Q1 reading, released in April, was a particularly anemic 0.7%.

## **GLOBAL NEWS**

### **Eurozone confidence near a 10-year high**

The Eurozone economic sentiment indicator (ESI) jumped to a nearly 10-year high of 111.1 in June from 109.2 in May, with optimism on display in all sectors of the economy, according to a report by the European Commission. The ESI reached 111.8 in August 2007, just before the global financial crisis began to intensify.

### **Brazilian president Temer charged with corruption**

Michel Temer was formally charged this week with receiving bribes totaling \$152,000. The charges come less than a year after he took office, in the wake of the impeachment of Dilma Rousseff. Temer is the first sitting president of the country to be charged with a crime. In addition to the bribery count, the president may also face obstruction of justice charges, according to press reports.



## THE WEEK AHEAD

- |                     |          |                                      |
|---------------------|----------|--------------------------------------|
| • Monday, July 3    | Canada   | Canada Day Observed                  |
| • Monday, July 3    | China    | Caixin manufacturing PMI             |
| • Monday, July 3    | US       | Markit manufacturing PMI, ISM report |
| • Tuesday, July 4   | US       | Independence Day, markets are closed |
| • Wednesday, July 5 | Eurozone | Retail sales, Markit services PMI    |
| • Wednesday, July 5 | US       | FOMC minutes                         |
| • Thursday, July 6  | Eurozone | ECB minutes                          |
| • Friday, July 7    | US       | June employment report               |

**Planning for Retirement?** Park 10 Financial can help clients determine the best time and amount to retire. The following four questions will help finalize retirement plans.

**Questions for retirement planning:** Do you have a written plan / estimate as to how much money you can withdrawal each year and how long it will last? Have you decided the age in which you plan to start receiving Social Security Benefits? Have you taken a risk tolerance questionnaire to figure out which level of asset allocation best meet your desire for growth, income, and ability to accept investment losses? Are you aware of the basic features, benefits, and costs for life insurance and long-term care insurance during retirement?

Here is the link to our website where you can use the calculator\* to get an idea if the money you have accumulated will be able to last through retirement: [Park 10 Financial Calculator for Outliving Your Retirement Assets](#)

\*This calculator is basic and not set to address all scenarios you may encounter. We do have a more sophisticated calculator that we use with clients that can address almost any variable that affects an individual during retirement. If you would like for us to use this calculator and provide you with a customized retirement plan, please leave us a note on the "Contact Us" page of our website, [www.park10financial.com](http://www.park10financial.com).