

Market Recap for the Week Ending 08/16/2019

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MARKET RECAP

Both US and international stocks fell by about 1.1%, down for the third straight week. The entire psychology of the market has changed since Trump's trade tweet a few weeks ago. Investors are worried about the threat of a coming recession. Stocks are now 4.6% off their recent high from July 26, but there have been some wild days since then. The S&P 500 is now working on 12 straight days of intraday moves greater than 1%.

The yield on the 30-year bond fell to 1.98% on Thursday. That was the lowest yield of all time. Also, on Thursday, the 10-year fell to 1.47%, not far from the all-time low of 1.36% from July of 2016. While the 3-month/10-year curve has been inverted for a while now, the 2-year/10-year also inverted intraday during the week, a recessionary signal. There is now \$16 trillion in negative-yielding debt around the world.

Stocks rallied on Tuesday when Trump delayed a portion of the new tariffs that he recently announced. But then the market really got hit on Wednesday, down 2.9%, on weak economic data from Germany and trade tensions. On Thursday and Friday stocks did rally back, on a good retail spending report

SCOREBOARD

PERFORMANCE	VTI	SPY	VXUS	AGG	\$	OIL
8/16/2019	US Market	SP500	Intl (x-US)	Bonds	US\$	Crude
Week	-1.06%	-0.95%	-1.11%	0.91%	0.14%	0.71%
August 2018	-3.20%	-2.88%	-3.64%	2.13%	0.11%	-6.60%
July 2018	1.41%	1.51%	-1.99%	0.18%	1.29%	100.36%
June 2019	7.08%	6.96%	5.77%	1.10%	-0.61%	9.29%
May 2019	-6.45%	-6.38%	-5.42%	1.91%	0.39%	-16.29%
April 2019	3.93%	4.09%	1.03%	-0.20%	0.18%	6.27%
March 2019	1.42%	1.81%	0.77%	2.12%	0.46%	5.11%
February 2018	3.56%	3.24%	1.63%	-0.11%	0.17%	0.07%
January 2019	8.54%	8.01%	7.67%	0.91%	-0.98%	18.78%
YTD	16.65%	16.82%	7.27%	8.34%	1.47%	20.70%
2018	-5.21%	-4.56%	-14.43%	0.10%	4.08%	-20.62%
2017	21.21%	21.70%	27.45%	3.61%	-7.81%	12.47%
2016	12.83%	12.00%	4.81%	2.41%	2.41%	33.48%
2015	0.36%	1.25%	-4.19%	0.48%	7.19%	-29.70%
2014	12.54%	13.46%	-4.74%	6.00%		-43.92%
2013	33.45%	32.31%	14.61%	-1.98%		0.47%

All returns include dividends. \$ is the Dow Jones FXCM Index. Oil is the S&P GSCI Crude Oil Index.

RATES	3m	2-YR	10-YR	30-YR	2-10	HY OAS
8/16/2019	1.87%	1.48%	1.90%	2.44%	0.42%	4.52%
8/9/2019	2.00%	1.63%	1.74%	2.26%	0.11%	4.31%
7/31/2019	2.08%	1.73%	2.02%	2.53%	0.29%	3.93%
6/28/2019	2.12%	1.75%	2.00%	2.52%	0.25%	4.09%
12/31/2018	2.45%	2.48%	2.69%	3.02%	0.21%	5.33%
Δ for Week*	(13.00)	(15.00)	16.00	18.00	31.00	21.00
Δ for Month*	(21.00)	(25.00)	(12.00)	(9.00)	13.00	59.00
Δ for Quarter*	(25.00)	(27.00)	(10.00)	(8.00)	17.00	43.00
Δ YTD*	(58.00)	(100.00)	(79.00)	(58.00)	21.00	(81.00)

*Δ is measured in basis points; 2-10 refers to the spread between the 10 & 2-yr bonds.

HY OAS - Merrill Lynch US High Yield Option-Adjusted Spread.

Year	Earnings	SPX	P/E
2021 Estimate	200.66	2,888.68	14.40
2020 Estimate	183.61	2,888.68	15.73
2019 Estimate	164.66	2,888.68	17.54
2018	161.93	2,892.74	17.86
2017	132.00	2,604.47	19.73
2016	118.10	2,238.83	18.96
2015	117.46	2,043.94	17.40
2014	118.78	2,058.90	17.33
2013	109.68	1,848.36	16.85
2012	103.80	1,426.19	13.74
2011	97.82	1,257.60	12.86
2010	85.28	1,257.64	14.75
2009	60.80	1,115.10	18.34
2008	65.47	903.25	13.80
2007	85.12	1,468.36	17.25
2006	88.18	1,418.30	16.08
2005	76.28	1,248.29	16.36
2004	67.10	1,211.92	18.06

The SPX (S&P 500) price is as of year-end for the period indicated except for the current year and next year which show the SPX price as of Friday. All earnings and estimates are per Thomson Reuters I/B/E/S as of the current month. Remember the p/e for this year and future years are based on forward ESTIMATES, whereas past years p/e were calculated based on trailing earnings. Also, forward estimates are usually revised downward over time.

ECONOMY	GDPNow	NowCast	BEA*
Q3 2019 Estimate	2.20%	1.82%	
Q2 2019	1.30%	1.50%	2.10%
Q1 2019	2.70%	1.43%	3.10%
Q4 2018	1.80%	2.26%	2.20%
Q3 2018	3.60%	2.18%	3.40%
Q2 2018	3.80%	2.78%	4.20%
Q1 2018	2.30%	2.97%	2.20%
Q4 2017	3.40%	3.88%	2.90%
Q3 2017	2.50%	1.60%	3.20%
Q2 2017	2.80%	2.09%	3.10%
Q1 2017	0.20%	2.70%	1.40%
Q4 2016	2.90%	2.10%	2.10%
Q3 2016	2.10%	2.20%	3.50%
Q2 2016	1.80%	2.10%	1.40%
Q1 2016	0.60%	0.72%	0.80%

*Bureau of Economic Analysis is the official government estimate.

Past performance does not guarantee future results.

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