

Commentary

October 21, 2019

The Markets

Last week was like an overstuffed suitcase that busts open on the baggage carousel. A lot was unpacked in a surprising and disorderly fashion.

There was some positive news for investors who prioritize fundamentals. Third quarter's earnings season – the period of time when companies let investors know how they performed during the previous quarter – got off to a strong start.

Fifteen percent of companies in the Standard & Poor's 500 Index have reported so far and 84 percent had earnings that beat analysts' expectations. *FactSet* said better than expected earnings from companies in the Healthcare and Financials sectors balanced the weaker performance of companies in the Energy sector.

There was some negative economic news, too.

In the United States, retail sales declined in September. It was the first monthly decline since February, reported *MarketWatch*, and analysts had expected an increase.

In China, gross domestic product growth was 6 percent year-over-year, the slowest growth rate since the 1990s, reported *Reuters*.

On the geopolitical front, *The Wall Street Journal* reported U.S. and European investors were cheered by news that Britain and the European Union (EU) had reached an agreement under which Britain could amicably exit the EU. That optimism was dashed on Saturday when Parliament withheld approval of the deal until all supporting legislation has been passed, reported *The Washington Post*.

The world was also rocked by Turkey's invasion of Syria.

At the end of the week, the Standard & Poor's 500 Index and Nasdaq Composite had held onto gains while the Dow Jones Industrials finished lower.

Data as of 10/18/19	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.5%	19.1%	7.9%	11.8%	9.4%	10.5%
Dow Jones Global ex-U.S.	1.2	10.8	4.2	4.5	2.0	2.0
10-year Treasury Note (Yield Only)	1.8	NA	3.2	1.8	2.2	3.4
Gold (per ounce)	0.7	16.3	21.8	5.8	3.7	3.7
Bloomberg Commodity Index	-0.2	2.5	-8.3	-3.1	-7.6	-5.4

S&P 500, Dow Jones 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.

IT'S THAT TIME AGAIN. During the past few weeks, Nobel Prize winners have been announced as well as Ig Nobel Prize winners. The Igs are awarded for improbable research that makes people *laugh* and then *think*. A lucky few have won both Ig Nobel and Nobel prizes.

The honorees at the Ig Nobel ceremony received their awards from “a group of genuine, genuinely bemused Nobel Laureates, in Harvard's historic and largest theater.” This year's winners included:

- **Medicine:** Cancer researcher Silvano Gallus and associates researched and wrote the paper, *Does Pizza Protect Against Cancer?* They received the Ig Nobel for “collecting evidence that pizza might protect against illness and death, if the pizza is made and eaten in Italy.”
- **Biology:** A group of researchers from the School of Physical and Mathematical Sciences at Nanyang Technological University in Singapore were recognized for “discovering that dead magnetized cockroaches behave differently than living magnetized cockroaches.”
- **Engineering:** Iman Farahbakhsh of Iran was recognized for patenting an infant diaper changer and washer. The patent explained, “...once the infant is placed inside the apparatus, various steps may in some cases be carried out automatically without needing the operator to touch the infant or interact manually with the diaper or infant during the changing process...”
- **Economics:** Father and son, Timothy and Andreas Voss, and their associates received an Ig Nobel for “testing which country's paper money is best at transmitting dangerous bacteria.”

Other winners explored the pleasure of scratching an itch (Peace Prize), the volume of saliva produced daily by a five-year-old

Weekly Focus – Think About It

“There is nothing in the world so irresistibly contagious as laughter and good humor.”

--Charles Dickens, English author

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- * All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
- * The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
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- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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