

Weekly Market Commentary June 24, 2019

The Markets

Everything went up – and that is unusual.

Randall Forsyth of *Barron's* explained, “Like our major political parties, the stock and bond markets seem to live in two different worlds these days. The former sits at record levels, suggesting we live in the best of all possible worlds. The latter sees things as bad and only getting worse.”¹

Here is what happened last week:

The Federal Open Market Committee met last week (they decide whether the central bank of the United States should push rates higher or move them lower). It left rates unchanged but indicated a willingness to lower rates in support of economic expansion. That was music to the ears of some investors and the Standard & Poor's 500 Index rose to a record high, reported Sue Chang and Mark DeCambre of *MarketWatch*.²

The Fed's song was the same as the one already playing across the world. Central bankers in Europe and Japan had signaled they were willing to encourage economic growth by easing rates lower and using other tools available, reported Leika Kihara and Daniel Leussink of *Reuters*. Their attitude helped push world stock markets higher.^{3, 4}

Last week, the U.S. bond market gained value, too, as interest rates moved lower. Falling interest rates suggested bond investors were hearing a different tune. When investors are willing to accept lower yields, it suggests they are worried about what may happen and are seeking safety. In some parts of Europe, investors are accepting negative yields – taking small losses to own government bonds they perceive to be safe – because they are pessimistic about the future.¹

There is plenty to be concerned about, including ongoing trade issues and conflict in the Middle East. Only time will tell how recent events will affect the U.S. and world economies.

Data as of 6/21/19	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.2%	17.7%	7.3%	12.2%	8.5%	12.7%
Dow Jones Global ex-U.S.	2.8	11.2	-2.7	5.8	-0.1	4.5
10-year Treasury Note (Yield Only)	2.1	NA	2.9	1.7	2.6	3.7
Gold (per ounce)	3.4	9.0	10.4	3.2	1.2	4.3
Bloomberg Commodity Index	1.3	2.8	-8.8	-3.8	-10.4	-4.2

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.

A LAND WITHOUT TIME. You may have heard: Sommaroey Island in Norway may do away with time. Residents of the island do not experience time as people elsewhere do. From May to July, the sun does not set on Sommaroey. From November to January, it does not rise.⁵

Proponents of a time-free island zone say it would reduce stress. "...the change would not mean that shops are open 24/7, but that residents could make better use of the daylight," reported *ABC News*.⁵

Living without time is an astonishing idea.

In modern life, time is a critical organizational tool. We divide our experience into centuries, years, daytime and nighttime, hours and minutes. Our actions are informed by schedules. We need to arrive at class, at work, at the bus stop, at a restaurant, or at a ballgame at a specific time.

However, time is not nearly as straightforward as it seems.

In a review of *Why Time Flies: A Mostly Scientific Investigation*, *The Economist* opined, "Time is such a slippery thing. It ticks away, neutrally, yet it also flies and collapses, and is more often lost than found. Days can feel eternal, but a month can gallop past. So, is time ever perceived objectively? Is this experience innate or is it learned? And how long is 'now,' anyway? Such questions have puzzled philosophers and scientists for over 2,000 years."⁶

Residents of Sommaroey have been pondering life without time and whether it is actually possible. The leader of the move to abolish time told *ABC News*, living without time, 'is a great solution but we likely won't become an entirely time-free zone as it will be too complex.'⁵

Weekly Focus – Think About It

"How did it get so late so soon?"

--Dr. Seuss, *American author*⁷

From the Team of Advisors at J M Brown Financial Partners

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- * This newsletter was prepared by PEAK.
 - * The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
 - * The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.
 - * 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 London afternoon gold price fix as reported by the London Bullion Market Association.
 - * The DJ 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 DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
 - * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
 - * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
 - * Past performance does not guarantee future results.
 - * You cannot invest directly in an index.
 - * Consult your financial professional before making any investment decision.
 - * To unsubscribe from the "Weekly Commentary" please reply to this e-mail with "unsubscribe" in the subject line.

Sources:

¹ https://www.barrons.com/articles/low-interest-rates-could-have-surprising-benefits-51561165445?mod=hp_DAY_1
(or go to https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/06-24-19_Barrons-Stocks_Soar_Yields_Sink_Whats_Next-Footer_1.pdf)

² <https://www.marketwatch.com/story/dow-poised-to-surge-to-highest-level-in-812-months-gold-hits-5-year-high-as-fed-signals-cuts-2019-06-20>

³ <https://www.reuters.com/article/us-japan-economy-boj/bank-of-japan-joins-fed-in-signaling-easing-if-needed-keeps-policy-steady-for-now-idUSKCN1TL06C>

⁴ <https://finance.yahoo.com/news/global-stocks-rally-bond-yields-010510813.html>

⁵ <https://www.abc.net.au/news/2019-06-20/norwegian-island-sommaroey-wants-abolish-time/11230200>

⁶ <https://www.economist.com/books-and-arts/2017/02/09/clock-watching> (or go to https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/06-24-19_TheEconomist-Clock_Watching-Footer_6.pdf)

⁷ <https://www.goodreads.com/quotes/tag/time>

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