



China Announces More Tariffs

Weekly Update – August 26, 2019

The Week on Wall Street

Traders assumed that the week's biggest news event would be Federal Reserve Chairman Jerome Powell's speech at the annual Jackson Hole banking conference. Instead, China seized the headlines by announcing new tariffs on U.S. goods.

Domestic stocks ended up lower for the week. The Nasdaq Composite fell 1.83%; the S&P 500, 1.44%; the Dow Jones Industrial Average, 0.99%. International stocks posted a weekly gain: the MSCI EAFE benchmark rose 0.96%.^{1,2}

Beijing Plans New Tariffs

Friday morning, China's finance ministry stated it would levy import taxes of 5-10% on an additional \$75 billion of American imports. One set of tariffs is slated to start September 1, targeting U.S. crops, meats, and seafood. A second set, effective December 15, will put tariffs on U.S.-made cars and car parts. In total, these taxes are scheduled for more than 5,000 American products.

Friday evening, the White House announced two rounds of 5% increases on existing U.S. tariffs on Chinese goods, to be successively implemented on September 1 and October 1.^{3,4}

Powell Reflects at Jackson Hole

Friday, Jerome Powell delivered an address on monetary policy at the Kansas City Fed's annual Jackson Hole symposium. He noted that the global economy currently presented a "complex, turbulent picture," and added that the Fed was "carefully watching developments" and would "act as appropriate."

Investors wonder if the central bank will consider another rate cut at its September meeting. Comments from other Fed officials at Jackson Hole did not indicate a consensus on that matter.⁵

Leading Indicators Rise

The Conference Board, the business research group known for its monthly Consumer Confidence Index, also publishes a monthly Leading Economic Indicator (LEI) Index. The Conference Board LEI provides a forward-looking analysis of the health of the business cycle, looking at ten factors ranging from consumer expectations to stock prices to construction activity.

In July, the LEI rose 0.5%, following 0.1% descents in May and June. This sudden increase offers optimism at a time when investors are wondering about the momentum of the economy.⁶

Final Thought

Bond prices have risen around the world, leading to lower bond yields. In some instances, yields have turned negative. While the yield on the 10-year Treasury has also declined, it is still above 1.5%, notably exceeding the yields of similar-duration bonds in France, Germany, Spain, and the United Kingdom.⁷

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Conference Board's July Consumer Confidence Index.

Thursday: The Bureau of Economic Analysis presents the second estimate of second-quarter economic growth, and the National Association of Realtors publishes new data on pending home sales.

Friday: July consumer spending data from the Department of Commerce, and July's final University of Michigan Consumer Sentiment Index (a gauge of consumer confidence levels).

Source: Econoday / MarketWatch Calendar, August 23, 2019

The Econoday and MarketWatch economic calendars list upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Tuesday: Autodesk (ADSK)

Thursday: Abercrombie & Fitch (ABF), Best Buy (BBS), Lululemon Athletica (LULU)

Source: Zacks, August 23, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	25,628.90	-0.99%	+9.87%
NASDAQ	7,751.77	-1.83%	+16.83%
MSCI-EAFE	1,829.29	+0.96%	+6.36%
S&P 500	2,847.11	-1.44%	+13.57%



Treasury	Close	Week	Y-T-D
10-Year Note	1.52%	-0.03%	-1.17%

Sources: The Wall Street Journal, August 23, 2019; Treasury.gov, August 23, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, August 16 to the Friday, August 23 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 16 open to the Thursday, August 22 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

QUOTE OF THE WEEK

"The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty."

– Winston Churchill



DIY Pesto



[2 cups]

Ingredients:

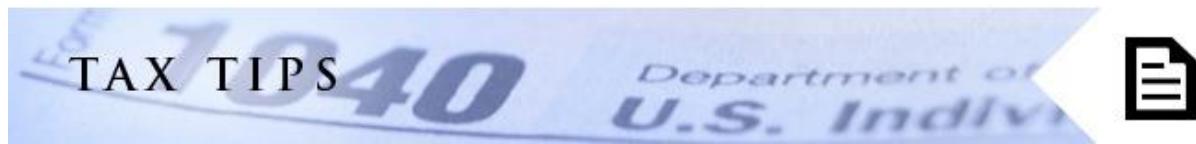
- 2 cups (or more) of fresh basil leaves
- 2 Tbsp. of pine nuts
- 2 cloves of garlic
- $\frac{1}{2}$ cup olive oil
- $\frac{3}{4}$ cup parmesan cheese, grated

Directions:

Pesto is the perfect summer dish because it doesn't require turning on a hot oven or stove, it can be enjoyed on its own or added to pastas and pizzas, and it's a great way to use that basil you might have been growing this summer.

1. Remove the stems from the basil leaves.
2. Combine the basil, pine nuts, and garlic in a food processor and process until finely minced.
3. As the food processor continues to mix, slowly add in the oil until smooth.
4. Add the cheese and process to combine.
5. Enjoy!

Recipe adapted from New York Times Cooking⁸



Protect Your Financial Safety in the Case of a Natural Disaster

We never want to think of a natural disaster happening, but the truth is that floods, fires, hurricanes, and tornadoes can happen at any time, especially during the summer. No matter where you live, you should be aware of the possible natural disasters in your area and plan accordingly. Prepare for these natural disasters by considering the following tax tips:

- Update your emergency plan.
- Create electronic copies of all important documents.
- Document your valuables. Documenting these items ahead of time makes it easier to [claim insurance and tax benefits](#) if a disaster strikes.
- You can call the IRS at 866-562-5227 with any natural disaster-related questions. They can provide copies of previous tax returns, order transcripts showing most line items, and more.
- Net personal, casualty, and theft losses may be deductible if they're attributable to a federally declared disaster.

The IRS also [has a video](#) all about preparing for disasters. In it, it includes more tax tips for planning ahead.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁹



Don't Accelerate When Putting

Many golf instructors teach novice (and advanced) golfers to accelerate when putting, meaning that the front of their swing has more power than the back of their swing. While this might work well in some situations; for example, when you're in a setup that requires two putts, not accelerating might be a better bet.

Instead, try to let the length of your backswing dictate the length of the front of your swing. To practice this, try just moving the club in a constant pace, almost like a pendulum. The momentum of this constant pace should be the same throughout the swing.

Now, try it during a putt. You might notice that you're able to be more consistent, which sets you up for success for your second putt. It almost feels like instead of hitting the golf ball, the ball is interrupting your club's forward momentum. Hitting harder isn't always your best option, but hitting evenly might be.

Tip adapted from Me and My Golf¹⁰



The Scale Isn't Everything: More Comprehensive Ways to Measure Your Health

We live in a world driven by data, and if you're trying to lose a few extra pounds, you might turn to the scale to watch those numbers drop. But the scale doesn't tell the full story. Neither do stats like BMI (body mass index) because these calculations don't consider muscle mass, water weight, or other fluctuations.

Luckily, there are many other ways to measure your health. Put the scale away for a little while, and try these techniques to focus on your overall health rather than just a number:

- Keep a journal and track your healthy habits, such as working out or eating veggies with every meal. Celebrate these small victories!
- Take progress photos and compare them throughout your journey. Take your photos in the same pose, wearing the same outfit, at the same time every week (preferably in the morning before you've had breakfast).
- Check in on other parts of your health, such as your energy levels, skin, tummy health, and more. Developing a healthy routine does so much more for your body than just lower the number on the scale.

These are just a few of the ways you can check in with yourself on your fitness and wellness journey without the scale.

Tip adapted from Daily Burn¹¹



Supporting Environmentally Friendly Companies

Our purchases are our vote, which is why many people choose to support environmentally conscious companies to share the green love. Here is a list of some of the biggest companies in the world that are choosing to be green in 2019:

- **IKEA** - The Swedish furniture manufacturer is taking steps to be environmentally friendly in multiple ways, including sourcing nearly half their wood from sustainable foresters, all their cotton from Better Cotton farms, and having solar panels powering their stores.
- **Allergan** - Allergan is the parent company of many cosmetic brands, including Botox. They've taken great strides to reduce water and energy consumption, waste, and emissions. In 2016, they won the EPA's Energy STAR award for the 5th time.
- **Seventh Generation** - Seventh Generation creates environmentally friendly household cleaners and other products. Not only has Seventh Generation done their part, but they've also pressured other brands to do the same.

Tip adapted from Virgin¹²

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

*If you would like us to add them to our list,
simply click on the "Forward email" link below. We love being introduced!*

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

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 Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

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.

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.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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¹ <https://www.wsj.com/market-data>

² <https://quotes.wsj.com/index/XX/990300/historical-prices>

³ <https://www.cnn.com/2019/08/23/business/china-tariff-products-soybeans-oil/index.html>

⁴ <https://www.marketwatch.com/story/trump-says-us-tariffs-will-increase-on-chinese-goods-2019-08-23>

⁵ <https://www.marketwatch.com/story/powell-says-fed-carefully-watching-developments-and-will-act-as-appropriate-2019-08-23-10103027>

⁶ <https://www.conference-board.org/data/bcicountry.cfm?cid=1>

⁷ <https://www.cnbc.com/2019/08/20/investing-in-the-strange-negative-yield-world-its-very-hard-to-wrap-your-arms-around.html>

⁸ <https://cooking.nytimes.com/recipes/2653-basic-pesto>

⁹ <https://www.irs.gov/newsroom/all-taxpayers-should-plan-ahead-for-natural-disasters>

¹⁰ <https://youtu.be/De9DqJ3qKdM>

¹¹ <https://dailyburn.com/life/health/weight-loss-success-non-scale-victories/>

¹² <https://www.virgin.com/virgin-unite/10-global-companies-are-environmentally-friendly>

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