



Equities Face Some Volatility

Weekly Update – August 19, 2019

The Week on Wall Street

U.S. stock indices saw significant ups and downs last week, with traders looking for economic cues from Treasury yields and also developments in the tariff fight between the U.S. and China.

The S&P 500 lost 1.03% on the week; the Dow Jones Industrial Average and Nasdaq Composite respectively declined 1.53% and 0.79%. Overseas shares also retreated: the MSCI EAFE index lost 2.34%.^{1,2}

Attention on the Bond Market

Wednesday, the yield of the 2-year Treasury bond briefly exceeded that of the 10-year Treasury bond. When this circumstance occurs, it signals that institutional investors are less confident about the near-term economy. That view is not uniform. Asked whether the U.S. was on the verge of an economic slowdown, former Federal Reserve Chair Janet Yellen told Fox Business “the answer is most likely no,” noting that the economy “has enough strength” to avoid one.

The demand for bonds has definitely pushed prices for 10-year and 30-year Treasuries higher, and their yields are now lower (bond yields usually fall as bond prices rise). The 30-year Treasury yield hit a historic low last week.^{3,4}

Some China Tariffs Postponed

Last week, the Office of the U.S. Trade Representative announced that about half the Chinese imports slated to be taxed with 10% tariffs starting September 1 would be exempt from such taxes until December 15.

The White House said that the reprieve was made with the upcoming holiday shopping season in mind, so that tariffs might have less impact on both retailers and consumers.⁵

Final Thought

Lower interest rates on bonds are now influencing mortgages. According to mortgage reseller Freddie Mac, the average interest rate on a conventional 30-year home loan was just 3.6% last week. That compares to 3.81% roughly a month ago (July 18).⁶

30-year and 15-year fixed rate mortgages are conventional home loans generally featuring a limit of \$484,350 (\$726,525 in high-cost areas) that meet the lending requirements of Fannie Mae and Freddie Mac, but they are not mortgages guaranteed or insured by any government agency. Private mortgage insurance, or PMI, is required for any conventional loan with less than a 20% down payment.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: The minutes of the July Federal Reserve meeting and the latest existing home sales data from the National Association of Realtors.

Friday: Federal Reserve Chairman Jerome Powell delivers a speech at the Fed’s annual Jackson Hole economic conference on monetary policy, and July new home sales numbers arrive from the Census Bureau.

Source: Econoday / MarketWatch Calendar, August 16, 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

Monday: Baidu (BIDU), Estee Lauder (EL)

Tuesday: Home Depot (HD), Medtronic (MDT), TJX Companies (TJX)

Wednesday: Analog Devices (ADI), Lowe's (LOW), Target (TGT)

Thursday: Salesforce (CRM), Intuit (INTU)

Source: Zacks, August 16, 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	25,886.01	-1.53%	+10.97%
NASDAQ	7,895.99	-0.79%	+19.00%
MSCI-EAFE	1,797.33	-2.34%	+4.50%
S&P 500	2,888.68	-1.03%	+15.23%



Treasury	Close	Week	Y-T-D
10-Year Note	1.55%	-0.19%	-1.14%

Sources: The Wall Street Journal, August 16, 2019; Treasury.gov, August 16, 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 9 to the Friday, August 16 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 9 open to the Thursday, August 15 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 way to get started is to quit talking and begin doing."
– Walt Disney*

RECIPE OF THE WEEK



Homemade Vanilla Ice Cream



[1¼ quarts]

Ingredients:

- 2 cups heavy whipping cream
- 2 cups half and half
- 1¼ cups sugar
- 3 tsp. vanilla extract
- Sundae toppings, such as nuts, sprinkles, chocolate chips, syrup, or fresh fruit

Directions:

If you're entertaining the grandkids this summer, this super-easy, homemade vanilla ice cream is sure to be a hit. Plus, you don't even need an ice cream maker! Cool down with this sweet treat.

1. Combine all the ingredients (besides the sundae toppings) and stir until the sugar is completely dissolved.
2. Place in a 13" x 9" baking dish in the freezer until the edges of the mixture begin to set, about 20 minutes.
3. Take the mixture out and mix it with a hand mixer or a spoon. Mix until smooth, cover, and place back in the freezer. Freeze for about 3 more hours, beating again every 30 minutes.
4. Scoop and top with your favorite sundae flavors!

Recipe adapted from Taste of Home⁷



Selling Your Car or Buying From a Private Seller? Here are the Tax Tips You Should Know

Buying a new car is an exciting purchase. If you are buying your next vehicle from a private seller rather than a dealership or selling a used car to an individual, there are a few tax considerations you should know. The first is that if you are selling your car for less than you paid for it, you likely won't have to pay sales tax on the sale. This is because the IRS considers selling a used car for less than you paid a capital loss. But in contrast, if you are selling your car for more than you paid (like if it's a classic car you've restored and it's increased in value), you may have to pay sales tax.

If you're buying a car from a private seller, you'll have to pay sales tax. But this sales tax doesn't go to the seller, it goes to the DMV. This sales tax is incorporated in your car's registration.

* 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 CarGurus⁸



Stretches to Complement Your Workout

If you workout regularly, you're already doing something to take care of your body. But as important as exercise is, it's equally important to help your body recover. Here are some great stretches that will open up your hips, stretch out your hamstrings, and give your quads some love after a long run or lifting session:

- **Hamstring stretch** - Lay on the ground with your legs straight up. Gently pull one leg toward you until you feel pressure. Repeat with the other leg.
- **Figure Four** - Sit on the ground with your legs bent and knees up. Gently rest one ankle on the quad of the opposite leg. If this is too much, straighten one leg on the floor and rest your ankle on your thigh while it's on the ground. [Here's a video demonstration.](#)
- **Child's Pose** - Child's pose is a common yoga movement, but it can also be a great stretch. Either hold the regular child's pose with your knees about hip width apart or

intensify the stretch by bringing your knees out wider. You should feel it in your inner thighs, groin, and hips.

Tip adapted from Runner's World⁹



GMO: What Does it Really Mean?

GMO stands for “genetically-modified organism.” For plants and animals, this means that their genetic material has been changed in ways that don’t occur naturally (for example, a genetically-engineered tomato might be redder than a non-GMO tomato). In order for plants and animals to be considered “non-GMO,” they must meet a common standard set forth by the U.S. Department of Agriculture.

For processed foods, eggs, and dairy products, there is currently no common standard that regulates GMO claims, so for these types of foods, look for verification through third parties, like The Non-GMO Project.

Tip adapted from Greener Choices¹⁰

Share the Wealth of Knowledge!

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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/2019/08/15/us-bonds-30-year-treasury-yield-falls-below-2percent-for-first-time-ever.html>

⁴ <https://www.foxbusiness.com/economy/janet-yellen-to-wall-street-a-recession-is-unlikely>

⁵ <https://www.reuters.com/article/us-usa-trade-china-tariffs/trump-delays-tariffs-on-chinese-cellphones-laptops-toys-markets-jump-idUSKCN1V31CX>

⁶ <http://www.freddiemac.com/pmms/archive.html>

⁷ <https://www.tasteofhome.com/recipes/homemade-vanilla-ice-cream/>

⁸ https://www.cargurus.com/Cars/articles/how_do_taxes_work_on_private_car_sales

⁹ <https://www.runnersworld.com/uk/health/a760484/the-rw-complete-guide-to-stretching-for-runners/>

¹⁰ <http://greenerchoices.org/2017/03/07/non-gmo-mean/>

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