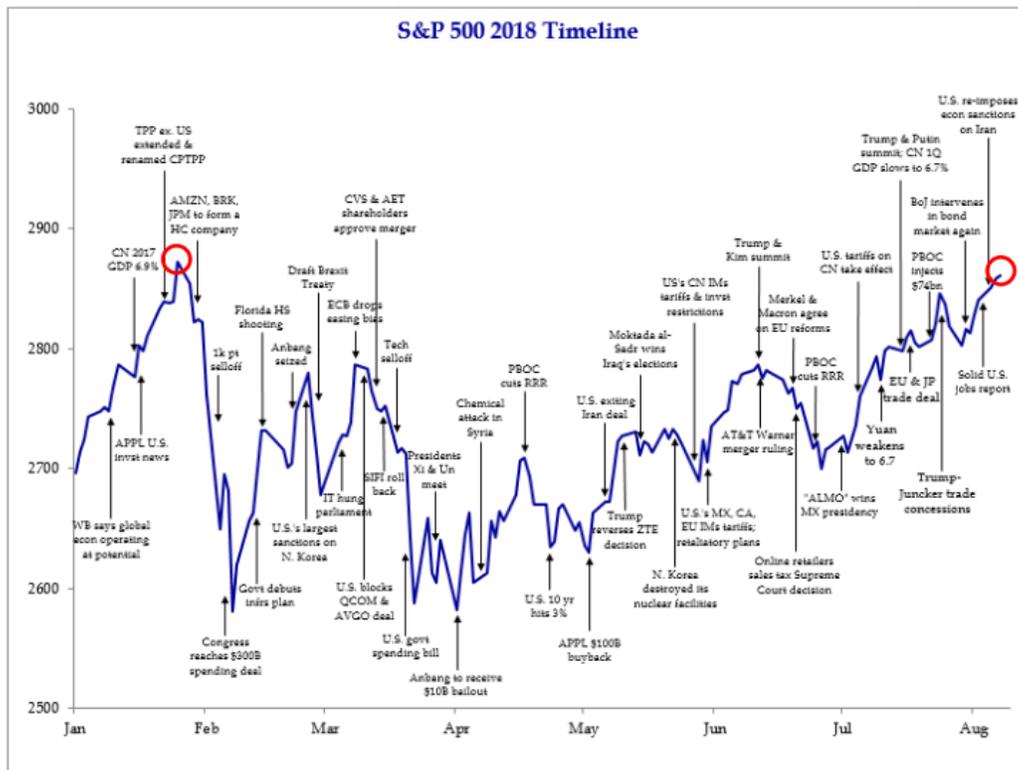




Last Week:

- The Dow Jones Industrial Average fell slightly (-.4%)
  - There were 12 advancers and 18 decliners, with Nike +2.5% topping the list, joined by Cisco +2.2%, McDonald's +1.6%, DowDuPont +1.4% and **UnitedHealth** +1.2%
  - Boeing foundered as the leading loser for the week (-2.6%), with 3M, IBM, Goldman Sachs, Caterpillar, and Intel also each falling more than (-1.5%)
  - The best performing industry groups were US Consumer Services and Telecom, whereas Consumer Goods fell (-1.6%) and Basic Materials declined about half as much (-0.8%)
- Dow Utilities managed to fall (-0.5%)
- The S&P 500 fell marginally (-0.2%)
  - Apparel & Accessories +4.7%, Healthcare +4.6%, and Department Stores +3.7% were leading groups
  - REITS, Household Appliances, and (sadly!) Brewers all fell greater than (-5.0%)
- The S&P Smallcap 600 was strong, and finished +0.8% but the S&P Midcap 400 fell modestly (-0.2%)
- NASDAQ was also up +0.4%, as tech has staged a comeback in the wake of a couple high-profile disappointments in prior weeks
- Importantly, the market keeps “grinding” higher despite increasing uncertainty from global trade and politics



Last Updated: 8/7/2018

Source: Strategas



- Elon Musk claimed to have “secured” financing for his \$420/share buyout offer for Tesla – though the SEC is not so sure and is investigating his process
- The CBOE Volatility Index (VIX) was up 13.1% in the week to finish at 13.7
- The Bloomberg Spot Dollar Index finished up +1.0%
- Crude oil dropped almost a dollar, finishing at \$67.63/barrel
- Gold slipped a few more dollars to \$1,210/ounce
- The 10-year Treasury yield moved lower, closing down about 7 bps to finish at 2.87%
- The Bureau of Labor Statistics reported that the Consumer Price Index is continuing its march higher (+2.3% yoy in July), informing the consensus view that the Fed shall keep ratcheting rates later this year



- Global stocks were generally higher for the week, but over the past few months have started to lag noticeably
  - The Stoxx Europe 600 fell (-0.7%)
    - Frankfurt (-1.5%) and Paris (-1.2%) fell sharply in the wake of regional uncertainty stemming from a crisis in Turkey
  - AsiaPac however featured “green arrows” instead
    - India +0.8% and Hong Kong +2.5% rose with China’s Shanghai +2.1% also higher
    - Tokyo +0.9% was also higher, as was Sydney +0.6%
- Turkey came under significant economic pressure last week due to government & corporate financing worries, as the Lira fell to an all-time low & the Turkey 10-year bond surged to roughly 20%, despite President Erdogan’s speech to stem the bleeding
  - The country’s currency continues its free-fall against the U.S. dollar



1 Turkish lira equals  
0.15 United States Dollar

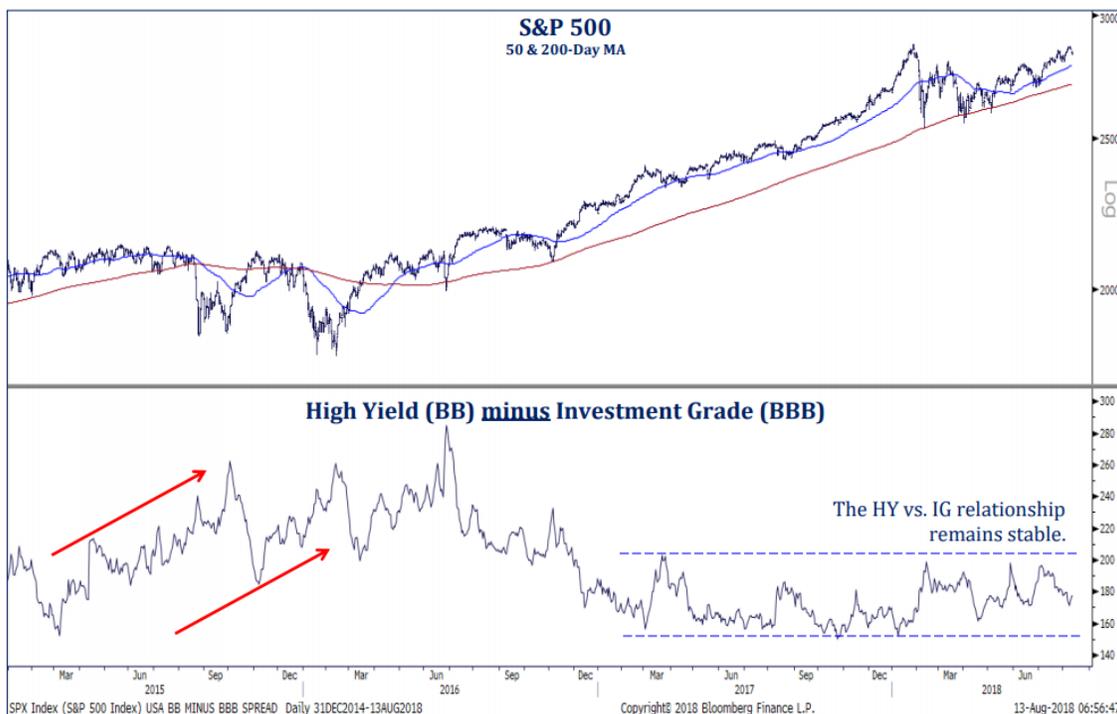
Aug 13, 1:13 PM UTC · Disclaimer

1 Turkish lira  
0.15 United States Dollar



Source: Google

- Despite the global credit concerns, US markets are still anticipating stability – as measured by comparing the spread between investment grade (IG) and high-yield (HY) spreads (shown below)



Source: Strategas

- MBA Mortgage Applications fell (-3.0%) as the housing market is cooling
- Jobless Claims were flattish at 220,000
- Core Producer Prices were higher, climbing +2.8% yoy
- Wholesale Inventories were flat



**This Week:**

- US markets are indicated to have a mixed to marginally higher open
- Most major European markets are trading lower on the day
- Asian markets were soft with Hong Kong down (-1.5%) and the Nikkei off nearly (-2.0%)
- Activist investor Elliott filed a 13D, and is pushing **Nielsen** for a change of control transaction – the stock is indicated higher +16%
- The Trump administration doesn't appear to be letting up on pressuring Turkey and the crisis is affecting European market sentiment
- VF Corp is spinning off Wrangler and Lee Jeans brands
- Earnings this week:
  - Monday: Sysco
  - Tuesday: Home Depot and Agilent
  - Wednesday: Macy's, NetApp, **Cisco**
  - Thursday: Walmart, Nordstrom, Nvidia
  - Friday: Deere
- Economic reports:
  - Tuesday: Import Prices
  - Wednesday: MBA Mortgage Applications, Retail Sales, Industrial Production
  - Thursday: Housing Starts, Building Permits
  - Friday: University of Michigan Sentiment and Inflation Expectations

As always, thanks very much for your interest and support.

Colin Ducharme, CFA®  
Executive Director



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