



WEEKLY MARKET COMMENTARY

THE WEEK IN REVIEW: May 5 - May 11, 2019

Index Performance Return (%)					
	1 WK	YTD	1YR	3 YRS	5YRS
S&P 500:	-2.10%	15.77%	7.99%	13.69%	11.20%
S&P MidCap 400:	-2.36%	16.88%	1.43%	11.35%	9.11%
Russell 2000:	-2.52%	17.17%	-0.56%	13.23%	8.76%
NASDAQ:	-3.03%	19.32%	6.91%	18.07%	14.22%
MSCI ACWI:	-2.62%	12.17%	-1.18%	8.52%	4.32%
MSCI EAFE:	-2.63%	10.02%	-6.06%	7.01%	2.05%

Source: Morningstar

Interest Rates:		
	5/10/2019	5/3/2019
UST 10-YR Government Bond Yield	2.47%	2.56%
German 10 YR:	-0.05%	0.03%
Japan 10 YR:	-0.04%	-0.04%
30 YR Mortgage	4.04%	4.07%
Oil	\$61.66/ppb	\$61.84/ppb
Regular Gas	\$2.897/ppg	\$2.903/ppg

All data as of May 10, 2019

Sources: Bloomberg

The China Syndrome

China trade drama dominated the news and the markets for most of the week. President Trump sent out two tweets prior to Monday's market open, threatening to [raise tariffs on \\$200 billion of Chinese imports from 10% to 25% by Friday](#). Mr. Trump said the trade deal talks would continue but was concerned the Chinese appeared to be renegeing on concessions they had previously made.

The backtracking on a potential deal was reinforced when the Chinese trade delegation delayed their departure for the U.S. This move sent the Dow down

470 points on Monday. Markets recovered almost all of their losses by the end of the day, following the announcement that the Chinese delegation was on its way.

But then Tuesday dawned and the roller coaster continued. The Chinese made pointed comments indicating they had hit their limit on the concessions; the market sold off nearly 600 Dow points in response, and closed Tuesday down 473 points.

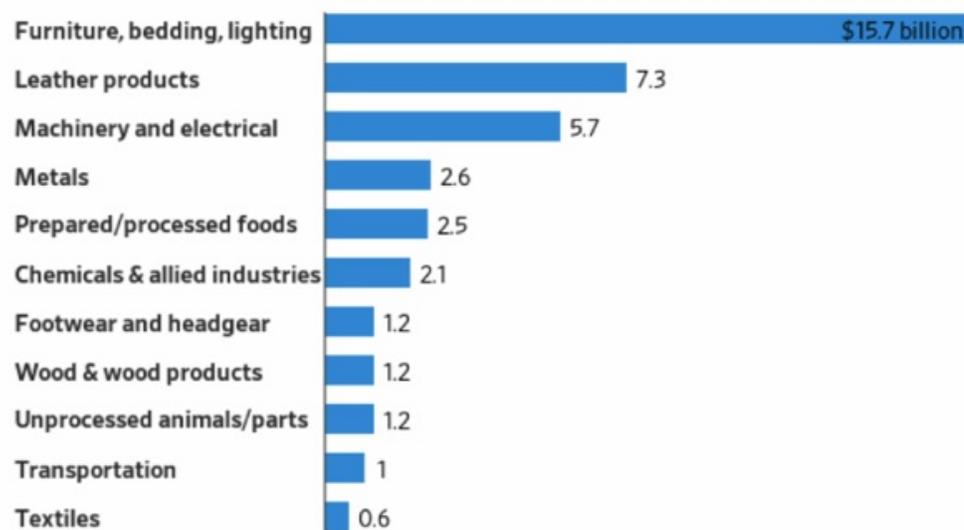
Tariffs went into effect on Friday, even as trade negotiations continued throughout the week. The Dow ended the week down well over 700 points. A positive and quiet earnings season was completely blown out of the water, as trade deal fears have dominated markets and increased volatility.

This isn't a time to panic, because the situation can flip in an instant. Both sides need this deal. Although China is our largest trade partner, we don't always work on a level playing field. I believe something will break loose soon. Unlike the movie *The China Syndrome*, we're not on the brink of a nuclear meltdown. I don't think this is the time to get out of equities; in fact, I would consider this an opportunity to buy the market.

Pocketbook Issue

Many Chinese-made consumer goods are among the imports targeted for tariff increases on Friday. In 2017, the U.S. imported \$42 billion of those products.

Consumer goods imported from China, 2017



Note: Figures may not add up to total due to rounding.
Source: Peterson Institute for International Economics

Shut Up and Drive

Uber set a dubious record on Friday, when its initial IPO finished the day with a

6.7% loss, the [biggest first-day dollar loss in U.S. IPO history](#). Lyft's stock is also running out of gas, trading down 33% from its IPO price of \$72. The current market environment isn't helping either stock, but it's still interesting how companies that have yet to make any money continue to go public.

Turn That Frown Upside Down

[The yield curve inverted](#) again last week, the first time since March. The inversion was brief, the result of fallout from the Chinese trade deal drama. Why is it important? An inverted yield curve is often cited as an accurate indicator for an upcoming recession. We wait and see.

The Power of Positive Thinking

Q1 2019 was a strong quarter in fact, it was our strongest first quarter since 2015. The good news is starting to rub off on Americans, who reported that optimism about their personal finances has reached its highest levels since 2003. In fact, [69% reported that they expect ending 2019 financially better off](#) than they entered it, according to a Gallup poll in April. They're also feeling pretty confident about the short-term, with 66% reporting that they currently have enough money to live comfortably. But they're still concerned about retirement, with over 50% reporting that they're worrying about their long-term financial picture.

This Week:

It's all about the China trade deal negotiations this week. At the time of this writing, the two parties appeared deadlocked. We could be in for another bumpy week. Have a great week!

Investment advisory services offered only by duly registered individuals through AE Wealth Management, LLC. The advisory firm providing you this report is an independent financial services firm and is not an affiliate company of AE Wealth Management, LLC. 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. The information and opinions contained herein, provided by third parties, have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed by AE Wealth Management. This information is not intended to be used as the sole basis for financial decisions, nor should it be construed as advice designed to meet the particular needs of an individual's situation. None of the information contained herein shall constitute an offer to sell or solicit any offer to buy a security or

insurance product.

840729-2

