



## WEEKLY MARKET COMMENTARY

### THE WEEK IN REVIEW: July 14 - 20

#### The Dog Days of Summer

The expression dog days of summer refer to the hottest, most oppressive days, generally between July 3 and August 11. The phrase was applicable last week, as most of us sweltered in the heat. And whether its dog days or summer doldrums, the major stock indexes withered last week. A slight pullback isnt a giant surprise after hitting record highs earlier in the month; after all, what goes up must come back down, according to gravity guru Sir Isaac Newton.

Much of the focus right now is as usual on the Feds and what theyll do with interest rates during next weeks meeting. Its not clear how aggressive theyll be with rates, and even Fed officials seem to have differing outlooks on the issue. Early in the week, Fed Chairman Jerome Powell said that the Fed would [act as appropriate to sustain the expansion](#). Dallas Fed President Robert Kaplan, meanwhile, said he was favoring a [modest tactical adjustment](#), while New York Fed President John Williams said, [its better to take preventative measures than to wait for disaster to unfold](#). I guess we wait and see what happens on July 30 and 31.

Its reporting season again, and 56 S&P 500 companies reported Q2 results last week. Its still early in the season to project: Overall results, but [FactSet is estimating an earnings decline of 3.0% for the S&P 500](#).

#### Accentuate the Positive

Economic data released this week was mostly sunny. Retail sales gained for the

second month in a row. Regional manufacturing activity rose more than expected. Once again, however, housing numbers are mixed: overall housing stats fell from May and came in below expectations, but single-family starts increased.

### **Extraordinarily Brazen**

The Iranians are at it again in the Strait of Hormuz. This time they seized a British oil tanker, the Stena Impero, one day after President Donald J. Trump announced that the [U.S. destroyed an Iranian drone in the strait](#). The seizure pushed oil prices higher, although [domestic oil prices still declined more than 6%](#) for the week overall. The incident only increases tensions between the U.S. and Iran, which were already running high.

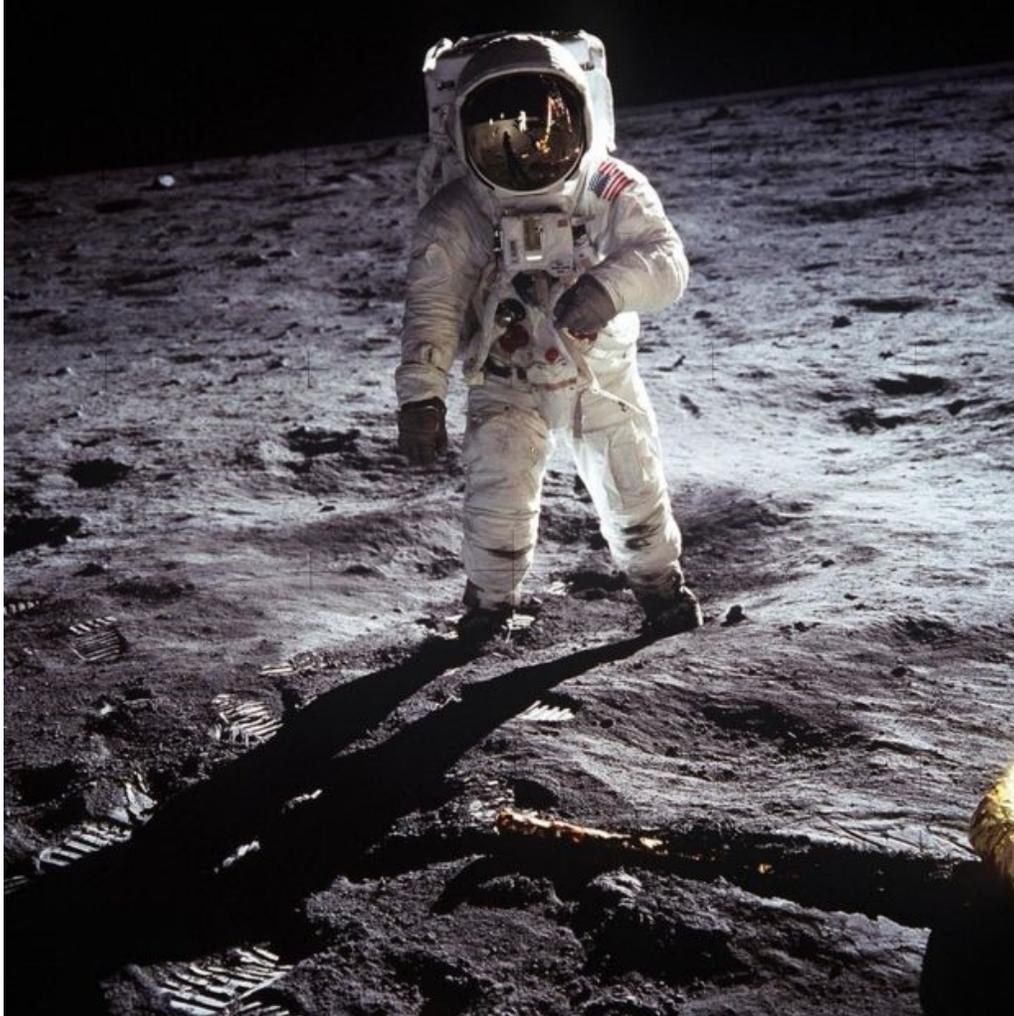
Why is all the action happening in the Strait of Hormuz? The narrow waterway connects the Persian Gulf with the Gulf of Oman and the Arabian Sea, and oil tankers filled with crude on the Persian Gulf pass through the strait. In 2018, roughly [21 million barrels of oil per day](#) made their way through the 21-mile-wide passageway.

While the U.S. military presence in the Strait of Hormuz would make it difficult for Iran to close down traffic completely, Iran's actions demonstrate that they're not hesitating to show they can disrupt traffic one ship at a time if they need to. President Trump hasn't announced any retaliatory efforts following the seizure of the British tanker, but everyone in the administration is probably wondering what Iran is capable of doing next and when.



## One Giant Leap

Over the weekend, we celebrated 50 years since the Apollo 11 crew bolstered the imaginations of millions of kids. Its interesting to think that the Cold War propelled the U.S. to dream bigger and literally reach for the stars. Buzz Aldrin, the second astronaut to walk on the moon, [tweeted this weekend](#): Today, America put the big question to rest: We got there first. We landed on the moon with 250 million Americans watching our backs. The truth is: That mission belongs to all of them, and to future generations of Americans who dream to reach the moon once more.



### Coming This Week

- Expect more Q2 earnings results to be reported this week. Noteworthy companies scheduled to report include Facebook and Amazon, both of which have been under Fed scrutiny this year.
- More housing market data will be released this week, with June's existing home sales reported on Tuesday and new home sales on Wednesday. Housing vacancies for the second quarter will also be released this week.
- All eyes will remain on the Fed this week as we approach their end of July meeting. The mystery of Will they or wont they should be solved by July 31 at 2:30 p.m. Eastern time, when Fed Chairman Powell is scheduled to hold a press conference.

Have a great week!

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Index Performance Returns (%)					
	1 WK	YTD	1 YR	3 YRS	5 YRS
S&P 500	-1.21%	20.06%	8.30%	13.48%	10.77%
S&P MidCap 400	-1.15%	17.55%	-1.93%	9.65%	8.24%
Russell 2000	-1.40%	15.64%	-7.73%	10.33%	7.57%
NASDAQ	-1.18%	22.78%	4.10%	17.39%	12.95%
MSCI ACWI	-0.65%	15.67%	2.45%	8.66%	4.18%
MSCI EAFE	-0.14%	13.84%	0.28%	8.26%	2.42%

Source: Morningstar

Interest Rates		
	7/19/2019	7/12/2019
UST 10-YR Government Bond Yield	2.05%	2.12%
German 10 YR	-0.34%	-0.21%
Japan 10 YR	-0.14%	-0.12%
30 YR Mortgage	3.79%	3.81%
Oil	\$56.07/ppb	\$60.18/ppb
Regular Gas	\$2.86/ppg	\$2.83/ppg

Source: Bloomberg

All data as of July 19, 2019

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