



WEEKLY MARKET COMMENTARY

THE WEEK IN REVIEW: July 21 - 27

Overcoming Summer Doldrums

After the previous weeks losses, the market had a little more bounce in its step last week. The S&P 500 and the Nasdaq hit record highs, pushed along by overwhelmingly positive earnings reports and investors anticipation of the Feds likely upcoming rate cuts. The Nasdaq was also helped out by Google parent Alphabet, which surged nearly 10% Friday after reporting better-than-expected Q2 earnings and announcing plans to [repurchase \\$25 billion of its shares](#).

A Home of One's Own

Mortgage rates are dropping, but thats not helping the U.S. housing market. [Sales of previously owned homes were down 1.7% in June](#) and are down 2.2% compared to the same time last year. On the other hand, prices are up; the median selling price has increased 4.3% from last summer. However, new home builders have a reason to party, as new home sales were up 7% last month, with a [median sales price of \\$310,400 in June](#).

Raise the Roof

The White House and congressional offices reached an [agreement to raise the debt ceiling last week](#). The agreement has been passed by the House and will now move to the Senate, then on to President Donald J. Trump for final approval. The bill calls for more than \$2.7 trillion in spending over the next two years. It also suspends the debt ceiling until July 31, 2021, and will add another \$1.7 trillion to the federal deficit over 10 years - a deficit that was already the largest ever.

Can You Hear Me Now?

On Friday, the Justice Department approved the [\\$26 billion merger of T-Mobile and Sprint](#). But that's just one hurdle cleared: The companies still have to contend with a lawsuit from 13 state attorneys general before a deal can be finalized. The courts aren't expected to touch that lawsuit until October, at the earliest. If you're a current T-Mobile or Sprint customer, you won't see any changes until at least 2020.

A New Sheriff in Town



Boris Johnson replaced Theresa May as British Prime Minister last Wednesday. Johnson was previously mayor of London (2008 to 2016), before serving as foreign secretary from 2016 to 2018. He's been vocal about his support of Brexit, expressing his opinion that [Britain should leave the EU by the end of October](#). On Tuesday, Johnson said, I say to all the doubters: 'Dude, we are going to energize the country; we are going to get Brexit done.'

Earning Their Keep

The Q2 earnings reports keep coming in, with 145 of the S&P 500 reporting results last week. More companies than usual have been beating estimates. One notable exception: Boeing's earnings fell (not a surprise). And they didn't just fall, they plummeted on the back of a [\\$2.9 billion quarterly loss](#) resulting from the suspended deliveries of the troubled 737 Max airliner.

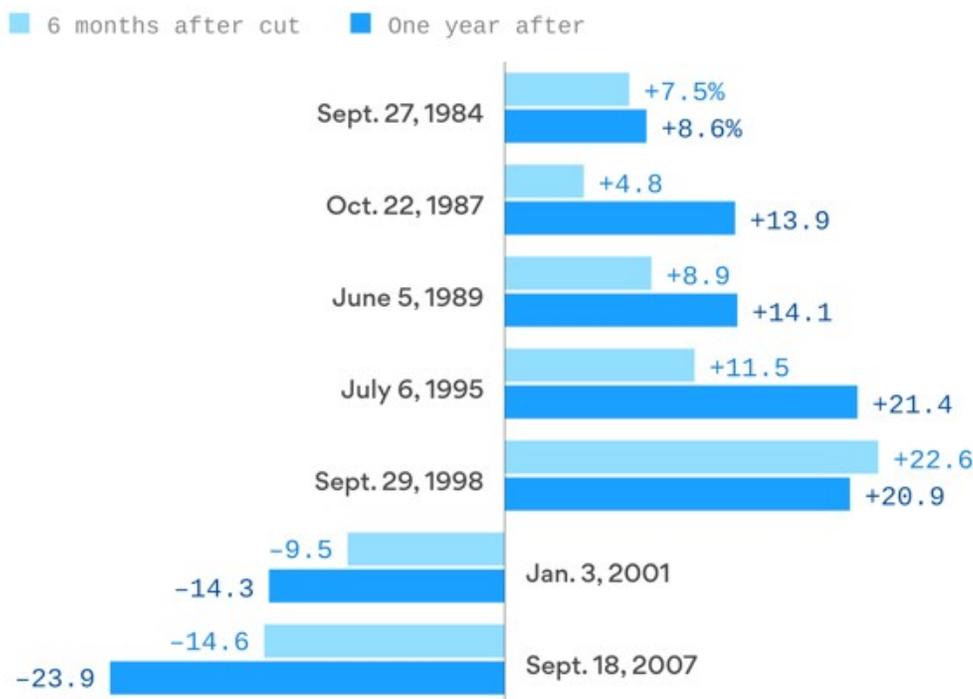
Coming This Week

- After a month of speculation, we'll finally know what the Fed will do on interest rates this week. They're scheduled to meet Tuesday and Wednesday, and Federal Reserve Chairman Jerome Powell is slated to give a press conference on Wednesday afternoon. Economists expect there will be a quarter-point rate cut. [This could be the first rate cut since](#)

[2008.](#)

- The Labor Department reported last week that the number of Americans applying for [first-time unemployment benefits decreased by 10,000 to hit 206,000.](#) its lowest level in more than three months. Continuing claims also fell by 13,000 to 1.68 million, near its lowest level since the early 1970s. Julys unemployment rate is scheduled to be released this Friday. Will it beat Junes rate of 3.7? Quite possibly.
- Is that movement we see on a China deal? Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer are [scheduled to visit Shanghai this week to renew trade talks.](#) While we cant expect a deal to come out of this visit, its a baby step in the right direction.
- More companies will be reporting on earnings this week. Some of the big names include Apple, Exxon Mobile, Procter & Gamble, General Motors and Verizon.
- A variety of economic data is scheduled for release as we close out the month of July. Look for reports on consumer confidence, personal income and spending, manufacturing, and consumer sentiment.

S&P 500 performance after initial Fed rate cuts, excluding recessions



Data: LPL Research, FactSet; Chart: Axios Visuals

Have a great week!

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Index Performance Returns (%)					
	1 WK	YTD	1 YR	3 YRS	5 YRS
S&P 500	1.66%	22.06%	8.81%	14.01%	11.13%
S&P MidCap 400	2.37%	20.34%	0.98%	10.21%	8.86%
Russell 2000	2.02%	17.97%	-5.54%	10.56%	8.12%
NASDAQ	2.26%	25.54%	6.09%	17.69%	13.36%
MSCI ACWI	0.75%	16.53%	1.76%	8.78%	4.26%
MSCI EAFE	-0.20%	13.61%	-1.51%	7.92%	2.29%

Source: Morningstar

Interest Rates		
	7/26/2019	7/19/2019
UST 10-YR Government Bond Yield	2.08%	2.05%
German 10 YR	-0.37%	-0.34%
Japan 10 YR	-0.15%	-0.14%
30 YR Mortgage	3.86%	3.79%
Oil	\$56.16/ppb	\$56.07/ppb
Regular Gas	\$2.83/ppg	\$2.86/ppg

Source: Bloomberg

All data as of July 26, 2019

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