



## Market in a Minute

September 5, 2018

### Index Performance: As of Aug 31, 2018

Index	Price	Last Week	YTD
Dow Jones 30	25965	0.7%	5.0%
S&P 500	2902	0.9%	8.5%
NASDAQ	8110	2.1%	17.5%
Russell 2000	8632	0.9%	14.3%
Russell 2000 Growth	7876	1.8%	18.5%
Russell 2000 Value	12729	0.0%	9.9%
Russell 1000 Growth	1517	1.7%	16.4%
Russell 1000 Value	1609	0.3%	3.7%
Shanghai SE Index	2854	-0.2%	-17.6%
SPDR Gold Shares	113.51	-0.6%	-8.2%
GS Crude Oil Total Return	8.43	2.4%	28.9%
Powershares US \$ Index	25.19	0.0%	4.8%
Ishares EAFE Index	67.34	0.0%	-4.2%
iShares Barclays 20+ Yr Treasury Bond	121.00	-1.1%	-4.6%
Utilities Select Sector ETF	53.52	-0.4%	1.6%
Vanguard REIT ETF	84.05	0.8%	1.3%
iShares Mortgage Real Estate	45.14	0.4%	-0.1%
Wells Fargo BDC	21.00	1.5%	1.2%
Alerian MLP ETF	10.85	-2.8%	0.6%
iShares Global Telecom	55.92	-1.2%	-7.6%
ETFMG Alternative Harvest ETF	33.47	3.5%	3.1%
BitCoin Investment Trust	9.50	3.5%	-57.1%

Source: Bloomberg & Yahoo.com, Returns are appreciation only.

### S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	1327	2.0%	20.0%
Consumer Disc.	929	1.8%	18.3%
Consumer Staples	551	-0.4%	-6.1%
Health Care	1071	1.0%	12.0%

### A Word on the Market by Pat Adams, CFA

We ran this chart today, it is a little concerning, and worth a few comments. The blue line is the S&P 500 performance from the bottom of the bear market in 1990 to the peak of the market in 1999, and then followed by a severe bear market falling over 50%. The Nasdaq continued to rise into March of 2000. The black line is the S&P 500 from March 2009 until current. Both lasting 9.5 years with almost the exact same performance. We include Amazon (AMZN) in our technology sector weighting for the S&P 500 as a large part of their earnings are from their tech division. The current weighting of technology in the S&P 500 is now 29.8% almost exactly the same as the year end 1999. The historical norm is 15% for technology. The reason for the bear market that followed the 1990s bull market, we would describe as bursting of a technology sector bubble. Up until now the 1990s bull was the longest and strongest. Statistically, if you look at all the market cycles in the history of the stock market it is highly likely this bull market will end soon for no reason except for duration and performance.



The internals of the market are once again being driven by a few stocks this year, mainly Apple and Amazon. The other components of FANG are starting to wane, Facebook is in a decline, and Netflix and Google look like they ran out of gas. The market is going to need to keep these two stocks, AMZN and AAPL buoyant. Both stocks are around \$1 trillion in market cap, and due to the law of large numbers, these two stocks will have a difficult time in going up much from here.

Globally, the markets look horrible. The emerging markets are in a severe bear market, led by China, Turkey, Brazil, and Argentina. There is not a stock market globally, except the U.S., that is showing any performance.

Financials	469	0.3%	1.2%
Industrials	646	0.4%	1.2%
Energy	548	-0.1%	2.7%
Telecommunications	154	-1.7%	-7.3%
Utilities	270	-0.6%	0.9%
Materials	372	0.3%	-1.9%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

Fed Fund	1.875	5-Year	2.74
3-Month	2.11	10-Year	2.86
6-Month	2.28	30-Year	3.02
2-Year	2.62		

Source: Bloomberg.com

#### Economic Events This Week

4-Sep	ISM Index	57.6	58.1
4-Sep	Construction Spending	0.5%	-0.8%
6-Sep	Productivity-Rev.	2.9%	2.9%
6-Sep	Initial Claims	214K	213K
6-Sep	Factory Orders	-0.6%	0.7%
7-Sep	Nonfarm Payrolls	187K	157K
7-Sep	Nonfarm Private Payrolls	175K	170K
7-Sep	Unemployment Rate	3.9%	3.9%

Source: Briefing.com

#### Economic Events Last Week

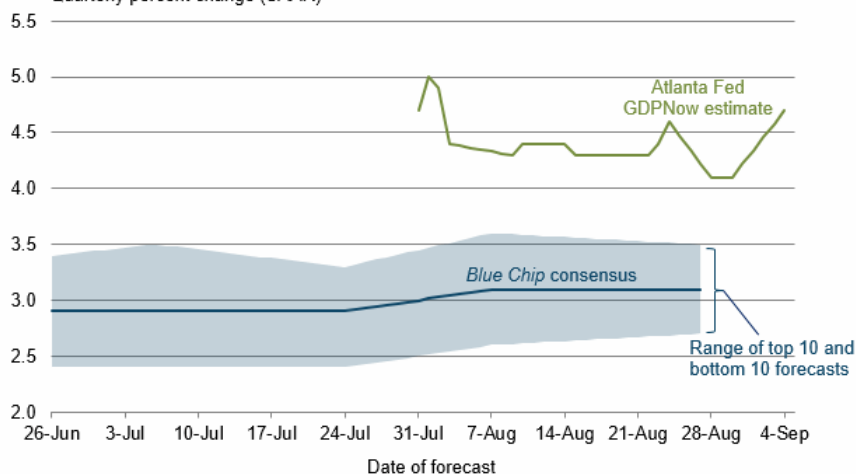
Date	Event
28-Aug	Consumer Confidence for Aug. came in at 133.4 which was higher than expectations of 126.5
29-Aug	GDP-Second Est. for Q2 was reported at 4.2% vs. estimates of 4.0%
29-Aug	GDP Deflator-Second Est. for Q2 was 3.2% compared to consensus forecasts of 3.0%
30-Aug	Personal Income for Jul. was up 0.3% which was slightly lower compared to estimates of 0.4%
30-Aug	Personal Spending for Jul. came in at 0.4% which was in line with expectations
30-Aug	Initial Claims for week of 8/25 were reported at 213K compared to forecasts of 214K

The purchasing managers report on Monday was very strong, historically at a point that would indicate an overheating in the economy. The report of the ISM Index of purchasing managers was 61.3%. Above 60 has historically given a good sell signal and below 42 on that index of the economy gives a good buy signal, overheating and recessionary periods.

Below is the estimate of the Atlanta Federal Reserve expecting 4.7% GDP growth for 3<sup>rd</sup> quarter. Where is all the growth coming from if housing and autos have been flat to down? It is still the consumer, buying everything but houses and cars, and a lot of inventory being built...generally not a good thing.

**Evolution of Atlanta Fed GDPNow real GDP estimate for 2018: Q3**  
Quarterly percent change (SAAR)

**GDPNow™**



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

We are surprised the market was so strong in August and would expect a pullback in the historically weakest month of the year, September.

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<b>31-Aug</b>	The Chicago PMI for Aug. came in at 63.6 vs. estimates of 63.0
<b>31-Aug</b>	The Michigan Consumer Sentiment for Aug. was 96.2 which was higher than expectations of 95.5
Source: Briefing.com	

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