

Weekly Market Commentary

October 23, 2017

The Markets

And the hits just keep on coming.

Last week was the anniversary of Black Monday. On October 19, 1987, the Dow Jones Industrial Average (Dow) lost 508 points, or more than 20 percent of its value, as it fell from the previous trading day's closing value of 2,247 to 1,739. The culprits behind the historic drop are widely thought to be program trading, high valuations, and market psychology.

The anniversary didn't put a hitch in the markets' giddy up last week, though. The Dow closed above 23,000 for the first time ever on Wednesday. That's the fourth thousand-point milestone the Dow has passed this year, according to *Reuters*.

The Standard & Poor's 500 Index also finished the week at a new high. Strong earnings, along with optimism about fiscal and monetary policy, contributed to investors' optimism. *Financial Times* wrote:

"U.S. stocks hit record highs yet again and the dollar touched its strongest level against the yen for more than three months as growth bulls applauded news that the Senate had adopted a fiscal 2018 budget resolution, opening the way for tax reform. U.S. Treasuries fell – most sharply at the longer end of the curve – as participants fretted about the prospect of increased federal borrowing and potentially higher inflation."

It's interesting to note, despite major U.S. stock markets hitting new highs, bullish sentiment has been below the historical average 36 times this year, including last week. The *AAll Investor Sentiment Survey* showed bullish sentiment down 1.8 percent, while bearish sentiment gained 1 percent and neutral sentiment was up 0.8 percent. Of course, some consider this survey to be a contrarian indicator.

Data as of 10/20/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.9%	15.0%	20.3%	10.6%	12.4%	5.5%
Dow Jones Global ex-U.S.	-0.4	20.8	19.4	4.6	5.0	-0.6
10-year Treasury Note (Yield Only)	2.4	NA	1.8	2.2	1.8	4.4
Gold (per ounce)	-1.4	10.5	0.8	1.0	-5.8	5.5
Bloomberg Commodity Index	-0.7	-2.6	-0.9	-9.9	-10.1	-7.1
DJ Equity All REIT Total Return Index	-1.0	7.3	7.2	8.9	10.1	6.4

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

KNOW WHAT CAN BE REALLY SCARY? WAREHOUSE CLUBS. Like horror flick fodder (extras and co-stars who ignore their gut instincts and venture into places they shouldn't), people go into warehouse clubs thinking they'll be able to buy *just* the items they need and escape without serious injury to their budgets. In reality, only shoppers with the preternatural ability to avoid impulse purchases manage it, reports *AARP Magazine*.

That doesn't mean you won't find good deals at warehouse clubs. You will, but you have to exercise tremendous self-discipline. *AARP Magazine* and *Kiplinger's* offered insight to some of the better values at warehouse clubs. They include:

- **Wine.** Here's a shocker: One warehouse club is the biggest wine retailer in the country, according to *MarketWatchMag.com*. Reasonably priced, signature brands of quality wines and alcohol have been helping warehouse clubs attract members and improve sales.
- **Movie tickets.** There are some films that should be watched in the theater. If you pick up a packet of discount movie tickets at a warehouse club instead of the theater, the show will cost approximately \$8.50 per ticket instead of \$13 per ticket.
- **Batteries.** With the holidays approaching, you're going to need batteries for everything from drones to remote controls to digital games. Warehouse clubs often have competitively priced options.

If you're determined to save money by shopping at warehouse clubs, *Fox News* suggested a mindset adjustment could help:

"Buying an item you don't need because it was marked down from \$125 to \$50 is not saving \$75. It's spending \$50. That's a lesson that, if taken to heart, should save all [warehouse club] members money. That doesn't seem to be the case for most people, however, so these money-saving memberships probably end up being a drain on people's finances."

Here's another way to avoid impulse purchases: Make your choices online and then choose in-store pick-up or delivery.

Weekly Focus – Think About It

"Today [Amy] starts shopping from her couch by launching a videoconference with her personal concierge at...the retailer where she bought two outfits the previous month. The concierge recommends several items, superimposing photos of them onto Amy's avatar. Amy rejects a couple of items immediately, toggles to another browser tab to research customer reviews and prices, finds better deals on several items at another retailer, and orders them. She buys one item from [the retailer] online and then drives to the...store near her for the in-stock items she wants to try on. As Amy enters [the retailer], a sales associate greets her by name and walks her to a dressing room stocked with her online selections – plus some matching shoes and a cocktail dress. She likes the shoes, so she

scans the bar code into her smartphone and finds the same pair for \$30 less at another store. The sales associate quickly offers to match the price..."

--Darrell K. Rigby, *The Future of Shopping*

Best regards,

Joel

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

* These views are those of Carson Group Coaching, and not Navion Financial Advisors, and should not be construed as investment advice.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* You cannot invest directly in an index.

* Stock investing involves risk including loss of principal.

* Consult your financial professional before making any investment decision.

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