



*Don Akridge Presents*

*In this week's recap: China jolts the markets by devaluing the yuan, aggregate second-quarter earnings top analyst projections, and stocks retreat for the week.*

# Weekly Economic Update

---

*August 12, 2019*

## THE WEEK ON WALL STREET

Stocks spent much of last week rebounding from a Monday drop that reflected nervousness about the U.S.-China trade fight. By Thursday's closing bell, the S&P 500 had regained all its Monday losses, but it descended again on Friday.

The three big U.S. equity benchmarks finished the week lower: the S&P declined 0.46%; the Dow Jones Industrial Average, 0.75%; the Nasdaq Composite, 0.56%. A broad index of foreign shares, the MSCI EAFE, lost 0.95%.<sup>1,2</sup>

## CHINA DEVALUES ITS CURRENCY

Last Monday, stocks fell 3% in reaction to the overnight weakening of the Chinese yuan. A weaker yuan makes Chinese exports cheaper for buyers who pay for them in dollars.

Critics quickly accused China of manipulating its currency to strike back at the U.S. The federal government plans to impose tariffs on nearly all Chinese products next month, likely making those goods more expensive to American consumers; a weaker yuan could counter the effect of those import taxes."<sup>3,4</sup>

## EARNINGS SEASON UPDATE

Ninety percent of S&P 500 firms have now reported second-quarter results. Their collective sales and profits have surprised to the upside.

Stock market analytics firm FactSet says that overall earnings have beaten estimates by 5.7%. Seventy-five percent of firms have reported actual earnings per share surpassing estimates, which is better than the five-year average.<sup>5</sup>

## FINAL THOUGHT

We are seeing a significant bond rally this summer, even with interest rates at very low levels. (When bond prices rise, bond yields tend to fall.) At the moment, about a quarter of the global bond market is invested in government notes with negative interest rates. The 10-year Treasury stands in contrast. Friday, it was yielding 1.74%.<sup>6,7</sup>

---

## TIP OF THE WEEK



*If you think you need to **save more** for **retirement**, think about saving at a rate that is slightly above your “comfort zone.” This calls for some financial **discipline** and **dedication**, but your future self may thank you years from now.*

---

## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** The July Consumer Price Index appears, reporting the country’s monthly and annual rate of inflation.

**Thursday:** July retail sales numbers from the Census Bureau.

**Friday:** The initial August University of Michigan Consumer Sentiment Index presents the latest snapshot of household confidence in the economy.

Source: Econoday / MarketWatch Calendar, August 9, 2019

The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision. The release of data may be delayed without notice for a variety of reasons.

## THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Monday:** Sysco (SYY)

**Wednesday:** Cisco (CSCO)

**Thursday:** Alibaba (BABA), Applied Materials (AMAT), Nvidia (NVDA), Walmart (WMT)

**Friday:** Deere & Co. (DE)

Source: Zacks.com, August 9, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

---

### QUOTE OF THE WEEK



*“Dignity does not come in **possessing** honors, but in **deserving** them.”*

ARISTOTLE

---

| Market Index | Close     | Week   | Y-T-D   |
|--------------|-----------|--------|---------|
| DJIA         | 26,287.44 | -0.75% | +12.69% |
| NASDAQ       | 7,959.14  | -0.56% | +19.95% |
| MSCI-EAFE    | 1,846.36  | -0.95% | +7.35%  |
| S&P 500      | 2,918.65  | -0.46% | +16.43% |



|  | Treasury     | Close | Week   | Y-T-D  |
|--|--------------|-------|--------|--------|
|  | 10-Year Note | 1.74% | -0.12% | -0.95% |

Sources: The Wall Street Journal, August 9, 2019; Treasury.gov, August 9, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, August 2 to the Friday, August 9 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 2 open to the Thursday, August 8 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

THE WEEKLY RIDDLE



You write the word **one** on a piece of paper. An observer tells you she can make one *disappear* by *adding* something to it. Is this true, and how can she do it?

LAST WEEK'S RIDDLE: What two things will you never be able to eat at dinner?

ANSWER: Breakfast and lunch.

---

**Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

---

To unsubscribe from future preferred client communication emails from Citadel - CPA, Financial Planning, & Investments, please click on this link [UNSUBSCRIBE](#)

*Don B. Okridge*

**MBA, CFP®, CPA/PFS**  
**Registered Representatives of Cambridge Investment Research, Inc.**  
**U.S. Marine Corps Veteran**  
**Emory University & Florida Atlantic University**  
**Comprehensive CPA & Wealth Management**  
**Investment & Securities Licenses - 7 & 66**  
**Insurance & Annuity Licenses - Variable, Life & Health**

**Ravine One • 245 Town Park Drive | Suite 440 | Kennesaw, GA 30144**  
**Telephone: 770-952-6707 | Fax: 678-391-9355**

Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a broker-dealer, member FINRA / SIPC. Advisory services through Cambridge Investment Research Advisors, Inc., a Registered Investment Adviser. Cambridge and Citadel / Citadel Professional Services are not affiliated.

CONFIDENTIALITY NOTICE: The information contained in this email and any attachments are confidential and may also be privileged and is intended for the use of the person(s) named above. If you are not the intended recipient, you are hereby notified that any dissemination or duplication of the email, or taking action in reliance upon this communication is strictly prohibited. Moreover, any such disclosure shall not compromise or waive the accountant-client, attorney-client, or any other privileges as to this communication or otherwise. If you have received this communication in error, please notify the sender immediately and delete the original message

**PLEASE NOTE: We cannot accept trade orders through email. Important letters, email, or fax messages should be confirmed by calling 770-952-6707. This email service may not be monitored every day, or after normal business hours**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

#### CITATIONS:

- 1 - [wsj.com/market-data](http://wsj.com/market-data) [8/9/19]
- 2 - [quotes.wsj.com/index/XX/990300/historical-prices](http://quotes.wsj.com/index/XX/990300/historical-prices) [8/9/19]
- 3 - [bloomberg.com/news/articles/2019-08-04/asia-stocks-set-to-drop-with-trade-back-in-focus-markets-wrap](http://bloomberg.com/news/articles/2019-08-04/asia-stocks-set-to-drop-with-trade-back-in-focus-markets-wrap) [8/5/19]
- 4 - [bloomberg.com/news/articles/2019-08-05/china-hits-back-at-trump-with-weaker-yuan-halt-on-crop-imports](http://bloomberg.com/news/articles/2019-08-05/china-hits-back-at-trump-with-weaker-yuan-halt-on-crop-imports) [8/5/19]
- 5 - [insight.factset.com/earnings-season-update-august-9-2019](http://insight.factset.com/earnings-season-update-august-9-2019) [8/9/19]
- 6 - [cnbc.com/2019/08/07/how-bonds-with-negative-yields-work-and-why-this-growing-phenomenon-is-so-bad-for-the-economy.html](http://cnbc.com/2019/08/07/how-bonds-with-negative-yields-work-and-why-this-growing-phenomenon-is-so-bad-for-the-economy.html) [8/7/19]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield) [8/9/19]

#### CHART CITATIONS:

- [wsj.com/market-data](http://wsj.com/market-data) [8/9/19]
- [quotes.wsj.com/index/SPX/historical-prices](http://quotes.wsj.com/index/SPX/historical-prices) [8/9/19]
- [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield) [8/9/19]
- [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll) [8/9/19]