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*“What is a friend? A single soul dwelling in two bodies” (Aristotle)*

**Our Website:** [www.auctusrbc.com](http://www.auctusrbc.com): Our website has a new format. Tell us what you think about it. Check out RBC’s latest edition of *Global Insight* for 2018. Click on the icon in the middle of the front page.

**Key Statistics** Year-to-date a/o 1/19/2018

Dow: +5.47%  
 S&P 500: +5.11%  
 Nasdaq: +6.27%

**Treasury Bond Yields:** Year- to-date a/o 1/19/2018

1-year Treasury: 1.79%  
 2-year Treasury: 2.06% -- over 2% for 1<sup>st</sup> time since 2008  
 5-year Treasury: 2.45%  
 10-year Treasury: 2.64% -- its highest level since July, 2014  
 30-year Treasury: 2.91%

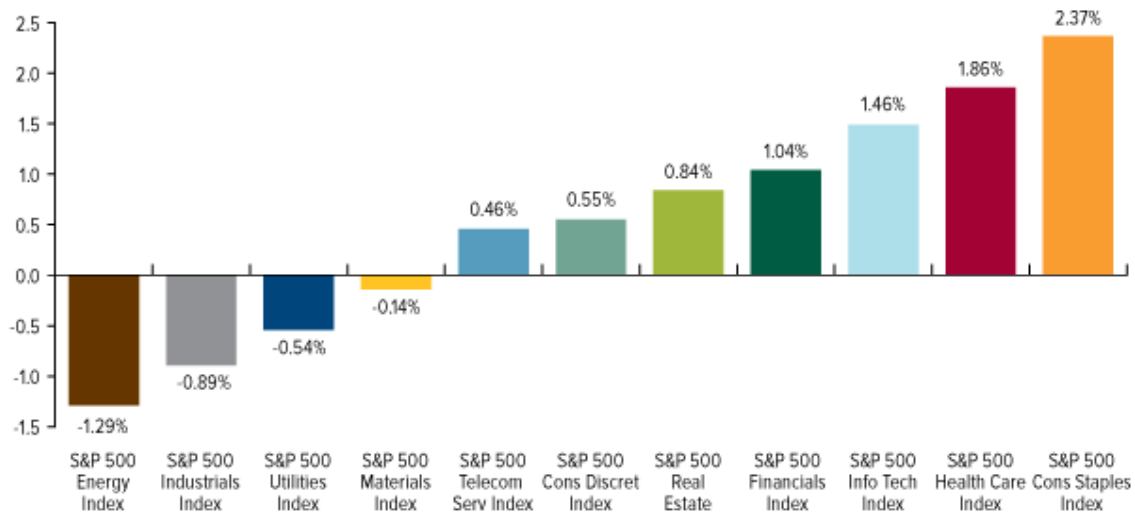
**Market:** (Barron’s, IBD, WSJ, RBC, MFS, )

- For the week: Dow rose +1.04%, S&P 500 rose +0.86%, Nasdaq rose +1.04%
- S&P 500 has closed at a record level 10 times this month – one short of record set in 1964
- Global equities reached record levels at midweek – solid corporate earnings
- Volatility, as measured by the CBOE Volatility Index, jumped to 12.25 from 10 a week ago
- Oil trading around \$63.50/barrel

**Market Sectors:** While the market has been strong, that does not mean that every sector or every stock has been positive. The following one-week chart shows that of the 11 major sectors of the S&P 500, 4 of the sectors had negative returns for the week. Past performance is no guarantee of future performance.

### S&P 500 Economic Sectors

(Percentage return for each sector group from Friday to Friday, January 12, 2018 – January 19, 2018)



Source: Bloomberg, U.S. Global Research

**Market Forecasts:** I have often said that it is very interesting to read economic and market forecasts, but I have also said that one should be very wary of forecasts and recognize that the opinions may differ widely. As of Friday's close, the S&P 500 is at 2810, already above the year-end target of some of the following experts and close to the median year-end target of 2850. Of course, the market could still end below current levels by the end of the year. Past performance is no guarantee of future performance.

WALL STREET YEAR-END 2018 TARGETS FOR S&P 500				
Strategist	Firm	S&P 500 Target	% Above 2017 Close	
Mike Wilson	Morgan Stanley	2750	2.86%	
David Kostin	Goldman Sachs	2850	6.60%	
Savita Subramanian	BofA Merrill Lynch	2800	4.73%	
Tony Dwyer	Canaccord	2800	4.73%	
Tobia Levkovic	Citi	2675	0.05%	
Dennis DeBuschere	Evercore ISI	3000	12.21%	
Brian Belski	BMO Capital Markets	2950	10.34%	
Binky Chada	Deutsche Bank	2850	6.60%	
Keith Parker	UBS	2900	8.47%	
Jonathan Golub	RBC Capital Markets	2875	7.53%	
Barry Banister	Stifel Nichlaus	2750	2.86%	
<i>as of 12/31/17</i>		<b>Median Target</b>	<b>2850</b>	<b>6.60%</b>

Source: Lance Roberts, Real Investment Advice

(Jonathan Golub is currently with Credit Suisse)

### Trumponomics – One Year Later: (Investor's Business Daily, 1/22/18)

- The Dow has risen about 31% - more than any other president since Franklin Roosevelt
- Total stock market wealth has risen \$5.5 trillion since Trump's inauguration
- 2.2 million jobs have been added – unemployment has fallen from 4.8% to 4.1%
- Unemployment claims are at a 45-year low
- Economic growth has picked up to over 3% in Q2, Q3, and likely in Q4 of 2017 – this would be the longest stretch of 3%+ GDP growth since 2005
- Corporate tax rates were lowered from 35% to 21% - within 3 weeks, more than 164 companies have announced pay hikes and special bonuses for workers
- The IBD Economic Optimism Index stands close to its all-time high
- 22 regulations have been cut for every 1 that has been enacted, cutting around \$8.1 billion in costs

### Economic News: (Barron's, IBD, WSJ, RBC, MFS )

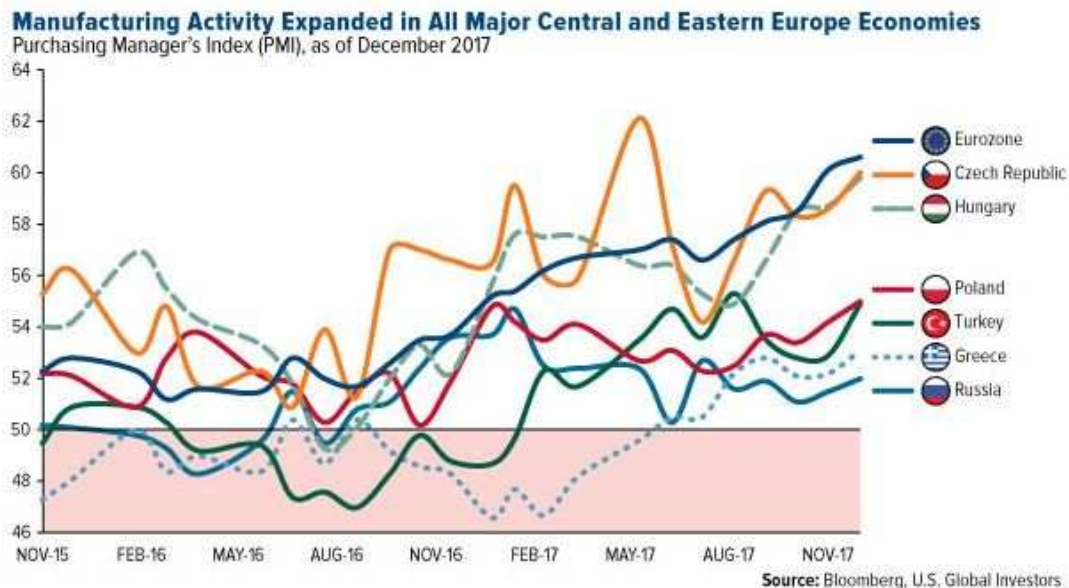
- Weekly jobless claims fell to 220,000 – the lowest reading since 1973
- Unemployment rate held steady at 4.1% in December
- IEA projects US crude oil output to surpass 10 million barrels per day in 2018
- US oil production in 2017 was the highest in nearly 50 years
- Earnings season is now underway – Earnings expected to increase over 12% vs same quarter a year ago

#### Accelerating earnings estimates are helping to propel equity markets higher



Source - RBC Wealth Management, FactSet; data through 1/17/18

**Global Growth:** Both the US and global equity markets have been reaching record levels based on improving economic fundamentals. The following chart shows this improvement on an upward trajectory in the Eurozone and other emerging markets.



**Question of the Week:** When was the longest period of growth below 3% before the most recent 11-year period of sub 3% growth from 2006-2016? (answer next week)

**Question and Answer From 2 Weeks Ago:** Over the past 100 years, what has been the lowest yield on the 10-year Treasury? In what year did this occur?

**Answer:** The lowest yield on the 10-year Treasury over the past 100 years occurred most recently in 2012 when the yield dropped to 1.8%.

### **Did You Know:**

- There were 18.8 million college students during the fall of 2017 (both undergrads and grad students), the 6<sup>th</sup> consecutive year that the total number of students has declined on a year-over-year basis (BTN, Nat'l. Student Clearinghouse Research Center)
- The life expectancy of a baby born in the United States in 2016 is 78.6 years, a decline of 0.1 year from 2015, the 2<sup>nd</sup> straight y-o-y drop after 21 consecutive years of increase. (BTN, Nat'l. Center for Health Statistics).

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Sincerely,

***David and Tony***  
**The Auctus Group**  
**[www.auctusrbc.com](http://www.auctusrbc.com)**

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The Dow Jones Industrial Average covers 30 blue chip U.S. companies selected by the editors of the Wall Street Journal. The Dow represents about 25% of the NYSE market capitalization and less than 2% of NYSE issues.

The Nasdaq Composite is a market-value The views presented here are solely the views of David Klein, and do not reflect the views of RBC Wealth Management, or its weighted index that measures all Nasdaq domestic and foreign common stocks.

The Standard and Poor's 500 is an unmanaged, capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies representing major U.S. industry sectors. The index is calculated on a total return basis with dividends reinvested and is not available for direct investment.

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