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DEKKER HEWETT GROUP

Market Watch Weekly

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Not without some mid week drama in North American capital markets, we are again closing the week with only small gains in the S&P/TSX and the S&P 500. The ongoing trade scuffle between China and the US was again firmly placed on the front burner as the Trump-led White House threatened to increase tariffs on \$200 billion of Chinese imports from 10% to 25% by as early as September. A senior administration official was quoted as saying that there has been “zero meaningful engagement” between the two countries as they ratchet up trade tensions. It’s with little surprise then that both institutional and retail investors have remained on the sidelines as we enter a new month of trading.

Countering positives in the market came from the steady hands of the major global central banks with calming words from the Bank of England, the US Fed and the Bank of Japan. All three pointed to their respective economies that are growing at a strong rate with robust labour market conditions and inflation comfortably hovering around their long-term targets. While short term rates are expected to rise gradually through the second half of the year, one can still argue that monetary policy is still somewhat accommodative and designed to keep inflation in check.

To close out July, we received economic data out of Asia that showed some weakening in China’s economy with both manufacturing and services Purchasing Managers Indexes coming in below forecasts. In Europe, the pace of growth slowed for the Euro-zone with advanced second-quarter GDP at 0.3%, against expectations of 0.4%, while headline inflation quickened to 2.1%.

We also had oil prices fall on Tuesday, on track for their largest monthly declines in two years. A survey anticipated that OPEC’s output for July had risen to its highest level in 2018 as President Trump appeared to soften his approach to Iran saying that he was willing to meet President Hassan Rouhani without any preconditions.

We closed the week out with a relatively soft US jobs report and a disappointing ISM survey. Over the past twelve months, however, the US has added 327,000 manufacturing jobs, the most in any 12-month period since April 1995. For July, the economy created 157,000 jobs, including 37K in manufacturing. While below the recent monthly average, job creation continues to show solid momentum.

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On an individual share price basis Apple's stock rose by more than 9% this week, hitting an all-time high of \$208.74 as the company delivered its best-ever results for the April to June quarter. With strong demand for its premium iPhone X model, earnings rose 17% year over year to \$53 billion, easily beating forecasts. Record revenues from its services business (i.e. the App Store) showed that Apple is also cutting its reliance on hardware sales.

In addition, Apple's major phone launches are usually announced towards the end of September, with analysts expecting as many as three new phone releases in the latter part of 2018. The price appreciation in their stock has allowed Apple to become the first company to successfully post a trillion-dollar valuation. It is hard to believe that in 1997 the company had been on the brink of bankruptcy.

It should be noted, however, that the five largest companies in the S&P 500 currently represent a smaller share of the market capitalization than the five biggest companies leading into the 2000 dot-com bust and the 2008 financial crisis. Moreover, of late, we are experiencing broader market strength outside of the tech sector with the Russell 2000 outpacing the S&P 500's 2018 advance. Companies at all levels are benefiting from the stronger US economy, corporate tax cuts, rising consumer spending and cost cutting. What's not to like?

We want to wish everyone a safe and happy long weekend. While many will be travelling to visit family and friends, here is a list of [50 things to do this BC Day long weekend](#) for those sticking around Metro Vancouver.

Sincerely,
Dekker Hewett Group

TODAY'S STOCK WATCH

S&P/ TSX Composite	16,420
Dow Jones Indus. Avg.	25,462
S&P 500	2,840

Canadian/US Dollar	\$0.7695
US/Canadian Dollar	\$1.2995
Euro / Canadian	\$1.5027

Gold	\$1221.80
Silver	\$15.43
Copper	\$2.75

Brent Crude Oil	\$73.29
WTI Crude Oil	\$68.60
Natural Gas	\$2.84

[Crypto Quarterly – Q2 2018](#)

[Cannabis Monthly – July 2018](#)

[Tony Dwyer Strategy Picture Book – July 2018](#)



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