



Good morning!

For the first 2 weeks of 2018, the only direction the stock market has moved is north. The S&P 500 has gone up 8 of 9 trading days YTD, setting all-time record closing highs on each of the “up” days. After gaining +21.8% in 2017 (total return), the stock index has gained an additional +4.3% YTD. For a longer term perspective however, since 1950 the S&P 500 index has been up 54% of 17,110 trading days, 60% of 816 months, 66% of 272 quarters and 74% of 68 years (source: BTN Research).

Americans may be forced down the road to spend at the gas pump some of their 2018 tax savings. The average price of a barrel of crude oil has risen each trading day this year, closing last Friday (1/12/18) at \$64.30 a barrel, its highest level since December 2014. The price of crude oil makes up 71% of the price of gasoline at the pump (source: Energy Information Administration).

19% of the \$6.3 trillion of US Treasuries held by foreigners are owned by China, a total of \$1.2 trillion. When rumors surfaced last week that the Chinese had lost their appetite for American debt and were considering stopping or slowing down their bond purchases, the Treasury market shuddered. For investors who have benefited from historically low interest rates since the end of 2008, already nervous with the Fed for reducing its holdings of US debt (through “Quantitative Shrinking”), the news of China backing away from future bond purchases was upsetting. Even though the Chinese story was denied within 24 hours, the events demonstrated the vulnerability of the US bond market due to our nation’s \$20.5 trillion of outstanding debt (source: Treasury Department).

Notable Numbers for the Week:

1. **HUGE IMPACT** - 43% of the Fortune 500 companies in 2017 (i.e., the **500 largest US companies** as measured by annual revenues last year) were **founded or co-founded** by either an immigrant to the United States or by the child of an immigrant (source: Center for American Entrepreneurship).
2. **LITTLE SHORTER** - 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 statistic’s second straight “year-over-year” drop after **21 consecutive years of increase** (source: National Center for Health Statistics).
3. **OFF A BIT** - Americans purchased **17.2 million** new cars and light trucks in 2017, **down 2%** from 2016’s total and breaking a streak of **6 consecutive years** of increasing sales for the **auto industry** (source: Autodata).
4. **SLEEPLESS IN SEATTLE** - 18 states increased their **minimum hourly wage** as of 1/01/18, including the state of **Washington** which has the highest minimum wage (**\$11.50 an hour**) in the nation (source: Money).

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