



THE PINNACLE GROUP

Weekly Market Commentary May 14, 2018

The Markets

Splash!

How do employers lure staff in a tightening labor market? The curly tail grubs and spinnies of the business world are higher wages and better benefits.

During the past decade, the employment picture in the United States has shifted dramatically. In mid-2009, 15.4 million unemployed Americans were chasing 2.2 million available jobs. At the end of 2017, just 6.6 million Americans were unemployed, and employers were casting eagerly to fill 6.6 million open jobs, reports *Barron's*.¹

Bloomberg offered some colorful examples:²

“Want ads for truck drivers to haul crude oil in Texas are touting salaries as high as \$150,000 a year. Some nurses are getting \$25,000 signing bonuses. The U.S. unemployment rate just fell to 3.9 percent, one tick away from its lowest since the 1960s. And, on May 8, the Bureau of Labor Statistics reported there are 6.5 million unfilled jobs in the United States, the most on record. Some employers say they’re feeling the squeeze.”

Clearly, wages are moving higher for some types of jobs, but they’re not increasing everywhere. Last week, the Bureau of Labor Statistics reported real average hourly earnings for all employees were flat from March to April. ‘Real wages’ mean wages after inflation is subtracted.^{3,4}

The National Federation of Independent Business’ Small Business Optimism Index hit a record high in April, as small companies reported record profits. It was the 17th consecutive month of record optimism.⁵

Major U.S. stock market indices moved higher last week as did many global stock market indices.¹

Data as of 05/10/2018	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.4%	2.0%	13.9%	9.0%	10.8%	6.9%
Dow Jones Global ex-U.S.	1.7	0.4	12.8	3.3	3.5	0.2
10-year Treasury Note (Yield Only)	3.0	n/a	2.4	2.3	1.9	3.8
Gold (per ounce)	1.1	2.2	8.3	3.7	-1.5	4.1
Bloomberg Commodity Index	0.1	2.1	8.3	-4.5	-7.4	-8.3
DJ Equity All REIT Total Return Index	1.2	-3.7	3.1	6.0	5.8	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.

WHAT DO YOU WISH YOU HAD KNOWN BEFORE YOU BECAME A PARENT? Mother's Day is behind us and Father's Day is ahead. It seems like a good time to consider the challenges and responsibilities of parenting.

National Public Radio's Science Desk introduced a new series called, 'How To Raise A Human.' They kicked off the show by asking bloggers, "What's the one thing you wish someone had told you before you became a parent?" Here are a few of the answers:⁶

"I wish someone told me that there are going to be moments where you're playing chess with speed metal music in your ears. You're trying to make intricate choices but there's so much chaos." Alan Lawrence, That Dad Blog

"I wish someone had told me to block out the outside voices that come when you become a parent –and pay more attention to the children and what their needs are." Saira Siddiqui, Confessions of a Muslim Mom

"I wish someone had told me that even though your life changes when you become a parent, you still get to create the path you want." Drea Duclos, OhDearDrea

"Parents always told me to brace myself for the teen years, because that's when they'll hate you, be disrespectful to you, be sassy, talk back to you, be rude, be generally awful people. But I wish that someone had told me that's completely wrong."--Karen Walrond, Chookooloons

One of the many challenges parents face is helping their children understand financial issues. If you would like some ideas about how to talk with your children about money, contact your financial professional.

Weekly Focus –Think About It

“I’m relieved I don’t work at SNL [right now]...The level of outrage is so high. It feels like talking to anyone, anywhere in 2018 is just landmine hopscotch.” Tina Fey, American actress, comedian, writer, and producer⁷

Keep the Faith. Faith is the Spirit.

Carl

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.

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** 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.*

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Sources:

1 http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html?mod=BOL_Nav_MAR_other (Click on U.S. & Intl Recaps, then click on “The unemployment lines are shrinking”); for market performance, click on “Iran and Korea overshadow economics”)

2 <https://www.bloomberg.com/news/articles/2018-05-11/no-the-u-s-economy-isn-t-overheating>

3 https://www.bls.gov/news.release/realer.nr0.htm?mod=article_inline

4 <https://www.economicshelp.org/blog/2637/economics/real-wages-in-uk/>

5 <http://www.nfib.com/surveys/small-business-economic-trends/>

6 <https://www.npr.org/sections/goatsandsoda/2018/05/11/609470215/your-turn-what-do-you-wish-you-d-known-before-becoming-a-parent>



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¹ The FT 400 was developed in collaboration with Ignites Research, a subsidiary of the FT that provides specialized content on asset management. To qualify for the list, advisers had to have 10 years of experience and at least \$300 million in assets under management (AUM) and no more than 60% of the AUM with institutional clients. The FT reaches out to some of the largest brokerages in the U.S. and asks them to provide a list of advisers who meet the minimum criteria outlined above. These advisers are then invited to apply for the ranking. Only advisers who submit an online application can be considered for the ranking. In 2016, roughly 980 applications received; 40.8% (400) were selected for the final list. In 2018, roughly 880 applications received; 45.5% (400) were selected for the final list. The 400 qualified advisers were then scored on six attributes: AUM, AUM growth rate, compliance record, years of experience, industry certifications, and online accessibility. AUM is the top factor, accounting for roughly 60-70 percent of the applicant's score. Additionally, to provide a diversity of advisers, the FT placed a cap on the number of advisers from any one state that's roughly correlated to the distribution of millionaires across the U.S. The ranking may not be representative of any one client's experience, is not an endorsement, and is not indicative of advisor's future performance. Neither Raymond James nor any of its Financial Advisors pay a fee in exchange for this award/rating. The FT is not affiliated with Raymond James.

² The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research is based on an algorithm of qualitative criteria and quantitative data. Those advisers that are considered have a minimum of 7 years of experience, and the algorithm weighs factors like revenue trends, AUM, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of 21,138 advisers nominated by their firms, 2,213 received the award. Neither Forbes nor SHOOK receives a fee in exchange for rankings. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating.

³ Raymond James Chairman's Council Membership is based on prior fiscal year production. Re-qualification is required annually.