



Good morning!

Nothing is bothering the American stock investor. Not Russia meddling in a turbulent Middle East. Not a gridlocked Washington. Not even an isolationist-leaning America. The S&P 500 added 2 more all-time record closing highs last week (making it 27 record closes this year over 29 weeks) and finished up +11.7% YTD (total return) through Friday 7/21/17. The year has also produced an unusually low level of stock volatility. The S&P 500 has had just 4 trading days this year (out of 139 trading days YTD) that have resulted in at least a +1% gain or a 1% loss. At the exact same date in 2016, the index had recorded 39 trading days with at least a 1% "up or down" movement or nearly 10 times the level experienced this year (source: BTN Research).

The Euro, the common currency of 19 European nations, climbed to a 2 ½ year closing high vs. the US dollar at the end of last week (Friday 7/21/17). At \$1.1677, the Euro has gained +10.9% YTD vs. the US dollar and is at a closing price last achieved on 1/14/15. The Euro's strength (and the dollar weakness) translates into higher import costs for American buyers but more competitive pricing for US multinational firms selling their products abroad. The higher import costs works well for the Fed as they continue to dictate a monetary policy that will drive higher inflation (source: BTN Reserve).

The 10-year budget forecast released by the Trump White House on 5/23/17 showed a government steadily reducing annual deficits, ultimately achieving a \$16 billion surplus in fiscal year 2027. That optimism is driven by an assumed +2.8% annual growth in the US economy, a rate last reached domestically in 2005. When the Congressional Budget Office recast the Trump plan using a +1.9% annual growth rate, the \$16 billion surplus morphed into a \$720 billion projected deficit (source: CBO).

Notable Numbers for the Week:

1. **THAT'S ALL?** - Trust fund assets (**\$2.85 trillion**) supporting both Social Security **retirement benefits** and **disability benefits** earned interest of **+3.2%** in 2016 (source: 2017 Social Security Trustees Report).
2. **SELL IT AND TAX IT** - Colorado recorded **\$128 million** of legal marijuana sales in May 2017 (flower, edibles and concentrate sales), the **10th consecutive month** of sales of **at least \$100 million**. The state has collected **\$96 million YTD** in marijuana **taxes and licensing fees** (source: TheCannabist.com).
3. **STAY A LITTLE LONGER** - 27% of the **12.4 million manufacturing jobs** in the United States today are held by employees who are **at least age 55** (source: National Association of Manufacturers).
4. **BUYING POWER** - Americans who are **at least age 55** account for **42% of consumer spending** in the United States today (source: Moody's Analytics).

07/24/17 Monday

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