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# THE PERSONAL WEALTH COACH®

An SEC Registered Investment Adviser

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## TPWC Market and Economic Update

### The Markets

In a week that saw the Dow Jones Industrial Average jump 2.16% for its best week in 2017, the S&P 500 Stock Index (SPX) rose a more moderate 1.58% to close at 2500.23, a record high and a nice round number worth remembering. The SPX is up 11.68% this year and 16.88% ahead of where it was this time last year. Meanwhile, the ten-year US Treasury note yield climbed from last week's 2% yield about 10% to 2.203% by Friday's close. Gold was down 0.44% to \$1,323.50 while US oil rose a couple of dollars to \$49.83, remaining down about 60% from its high point a few years ago.

It has taken the S&P 500 more than 18 years to double; it was at 1250 in March of 1999. The best performing stock in the Index since then has been United Health Group. Number two was Kansas City Southern, and number three was Cummins, Inc. It is, in our opinion, a good sign that the best performing companies were in health care, railroads, and engine manufacture. No purchase recommendation implied here.

We have received some inquiries about investing in Bitcoin. Notably, those requests hit around the beginning of this month as Bitcoin hit a peak of about \$4,846. Since then, it has been as low as \$3,318 and closed out the week at \$3,777. That 22% loss in two weeks is not at all abnormal in speculative commodities like Bitcoin. In our opinion, crypto coins as such things are known, are an excellent way to lose a lot of money.

Things like Bitcoin are not properly "investments" but rather, a form of gambling. In speculative ventures, like gambling, professionals sometimes make a lot of money, but it all comes from losses taken by most who buy into whatever fad is currently in vogue. Investing in a portfolio of companies that create products or services that enrich the lives of their final purchasers can result in long-term gains for everyone. Certainly, it takes broad diversification and a lot of patience, but historically purchasers of a diversified portfolio of productive companies have come out ahead. That cannot be said for those who bought into speculative commodities like Bitcoin.

### The Economy

The U.S. Consumer Price Index rose 0.4% last month, but most of that was a result of gasoline prices from Harvey. That puts average prices up 1.9% from this time last year. Once the volatile energy and food prices are removed though, core inflation has been running at an annual rate of 1.7% for the past four months when compared with the same month last year. That is below the Federal Reserve's target of 2% but as the numbers have been very slowly rising, most economists are expecting another rate hike by the Fed in December.

Industrial production fell 0.9% and retail sales fell 0.2% in August. Again, those figures were strongly influenced by Harvey as the Houston and Southeast Texas economies effectively shut down. Similar distortions will likely be seen as this month's data comes in during October. The Index of Leading Economic Indicators, as well as the other data points on U.S. economic health, continue to suggest our economy is chugging along in a very healthy manner.

### Cybersecurity

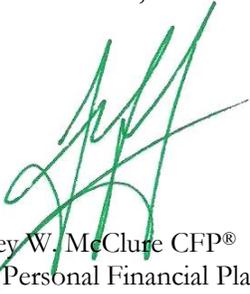
The Department of Homeland Security has now officially ordered its agencies to cease using Kaspersky Lab "computer protection" software. If you have been following our musings for the past several years, or have listened

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to our radio show on KTEM, you will be aware that we started warning about Kaspersky a couple of years ago. Kaspersky is a Russian company headquartered in a former KGB building adjacent to the current Russian foreign intelligence service (FSB) headquarters. Kaspersky's tech employees are in many cases reserve Russian intelligence agents or military members. More, Russian law requires that Kaspersky Labs provide the Russian government with all information requested without warrant or reason given. Eugene Kaspersky, the company's founder learned cybersecurity through his KGB training at the agency's technical college.

Our recommendation is that allowing agents of the Russian intelligence services to "protect" your privacy may not be the most prudent of actions.

Until next week, we remain your faithful servants,



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