

August 9, 2018

Dear Clients;

Tesla's per share price at 2:00 pm, Tuesday July 7, 2018 was \$367. The Market was closed and all trading was halted by the S.E.C. because Elon Musk tweeted he was taking his company private. He'll pay \$420 a share according to his tweets, stay tuned. This is just one of the many things that are keeping the Markets in a very jittery state. Let's count the ways or factors that weigh in on the Market;

1. Trump's immigration fights i.e. Border Wall. The scope of the immigration problem is staggering. The number of people "displaced from their homelands is nearly 70 million".
2. Opioid Epidemic 100 billion of money lost in medical, lost wages, etc.
3. Labor Unions – United States Supreme Court – right to work States.
4. Medicaid – reforms.
5. North Korea's nuclear negotiations, most senior advisors think it is a matter of time before it falls apart.
6. Heavy debt for the average farmer, and the decline in farm income.
7. Fraud against small business. Almost 2/3 of small businesses have been targeted by scammers.
8. Trump's trade disputes with most of the trade world.
9. E-commerce becoming the 800 pound gorilla in the room. New U.S.S.C. decision, taxes and the collection process, a huge nightmare.
10. Cyber threats another huge problem for all.
11. Interest rates – (See #15) Feds keep raising rates, which leads to Bond Funds going lower, even though the Internal Coupon Rate will pay out more in income. Effects mortgages, auto loans, all loans, credit cards cost are going up and higher credit scores for loans are needed.
12. Tight labor market; bidding war = higher wages, increase in perks = insurance and vacations.
13. Short term rentals taking business away from the hospitality industry.
14. Boycott diplomacy; Countries buy other countries' goods and services instead of what they have been doing buying from the USA.
15. Jamie Dimon CEO, JP Morgan cautions the 10 year T-bill yield could hit 5%. It's a higher probability than most people think.

In conclusion – Dimon remains bullish on the economy. "Business sentiment is almost at the highest level it's ever been, consumer sentiment is at its highest levels, markets are wide open, housing in short supply and my guess is mortgage credit will expand a little bit," Dimon said at the time. "If you look at how the table's set, consumers are in very good shape." CNBC.com 8/6/2018

Thank you for your business,

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