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Troy Forman Receives Certification from Raymond James

We are pleased to share that Troy Forman recently completed Level I of the Institute of Investment Management Consulting Certification Series. Forman attended a 3-day certification program covering essential investment management consulting topics such as asset allocation, manager selection and portfolio construction. The curriculum culminated in an examination that required advisors to apply the major concepts covered during the program to client situations. By successfully completing the program and examination, Forman earned the title of Investment Management Consultant.

Troy looks forward to implementing what he has learned for the benefit of his clients.

What happened in the markets last week?

by David Abuaf - Investment Manager, RJFS

News for the Week

General Markets / Economic

1. ECB President Draghi signaled that the bank could roll out fresh stimulus as soon as July
2. Fed officials held rates steady but strongly suggested they would cut them in the months ahead if an economic outlook clouded by uncertainty over trade policy didn't improve
3. The share of investor purchases of US homes has climbed to a record, posing a challenge for millennials and other first-time buyers

Company News

1. The US campaign against Huawei is taking a toll, with the company's founder forecasting a hit to revenue of about $30B
2. Patrick Drahi is buying Sotheby's for $2.7B
3. Pfizer agreed to buy Array BioPharma for $10.64B

Interesting Stories

1. Celebrities don't just want to be left alone when at a restaurant, they are also using fake names and paying doormen when house hunting so as not to draw any attention

Turning Back the Clock to 1999

June 20, 1999: US Open Men's Golf, Pinehurst Country Club: Payne Stewart wins his 2nd Open title by 1 stroke from Phil Mickelson.

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Weekly Commentary

The range is a great home for cowboys. It's a frustrating one for the stock market. Yes, it's tempting to ask what there is to be frustrated about, after the S&P 500 index rose 2.2%, to 2950.46, this past week and even hit a new high on Thursday.

There was good reason to get excited. The Federal Reserve suggested strongly to investors that it could cut rates as early as its next meeting, in July. That's usually great news for the stock market because lower rates generally mean higher valuations for equities, all else being equal.

At the same time, tensions between the U.S. and China appear to be ebbing, and prospects for some sort of trade deal—or at least no new tariffs—look better than they have since early May. Not even a flare-up in tensions between the U.S. and Iran could dampen the fun all that much.

Yet we must admit that the S&P 500's new high isn't all that. For starters, its record close of 2954.18 was just 0.3% higher than its old one of 2945.83, hit in April, and the index followed that up with a drop of 0.1%, not another gain. It also looks like the S&P 500 might be repeating a previous pattern of touching a new high—barely—before sliding back: Its last record high in April was just 0.5% higher than its September 2018 high of 2930.75. If the S&P 500 can't break out, then it is, by definition, stuck in a range.

Though the Fed could cut interest rates as soon as July, there's evidence that the stock market already reflects that possibility, argues UBS strategist Keith Parker. The S&P 500, after all, now trades at 17.3 times 12-month forward earnings forecasts, according to Bloomberg data, not far off its September peak of 17.34 times.

"U.S. valuations have moved back to the highs of last fall, suggesting lower rates are priced [in]," Parker writes.

"That makes the G20 gathering on June 28-29, where U.S. President Donald Trump and Chinese President Xi Jinping are supposed to meet, all the more important," says Dave Donabedian, chief investment officer at CIBC Private Wealth Management.

The market appears optimistic that everything will work out just fine. MKM strategist Michael Darda can't help thinking back to the selloff in the last quarter of 2018. Back then, the S&P 500 tumbled nearly 20%, and investors were worried about a recession despite little evidence that one was on the way.

Now, the S&P 500 is trading near its all-time high, even as the yield curve—one of the most reliable predictors of a recession—has been inverted for weeks.

"It's the inverse setup of late last year," Darda says. "Why not be a little more defensive here?

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The yield curve is a graphic depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

There is no assurance any of the trends mentioned will continue or forecasts will occur. Forward looking data is subject to change at any time and there is no assurance that projections will be realized.

The companies engaged in the communications and technology industries are subject to fierce competition and their products and services may be subject to rapid obsolescence. Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated. Be advised that investments in real estate and in REITs have various risks, including possible lack of liquidity and devaluation based on adverse economic and regulatory changes. Additionally, investments in REIT's will fluctuate with the value of the underlying properties, and the price at redemption may be more or less than the original price paid.

Diversification and asset allocation do not ensure a profit or protect against a loss.

Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

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