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FINANCIAL FOCUS:

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This quarter's growth may be the strongest we've seen among our multi-year economic recovery. Big corporate profit and outperforming estimates have spurred this earning season forward, but between trade sanctions and a flattening yield curve, there are a few obstacles forming ripples along the way.

By Lucinda Mills

Jobs & Consumer Confidence

According to the U.S Bureau of Labor Statistics, the unemployment rate for June rose 0.2 percent to 4.0 percent since May, still hovering around the lowest rate since April 2000.

June saw the expansion of the civilian labor force by 601,000, as well as an increase of 0.2 percent in the labor force participation, a measure of the active portion of the economy's labor force, to 62.9 percent.

Job creation in June stemmed primarily from manufacturing, health care, construction, and mining, whilst job loss was seen in retail.

Commodities

Crude oil is at a three-year high at a price of \$74.03 a barrel, up almost 13% this quarter and 23% for the year. The rise is attributed to supply concerns as Iran, Venezuela, and Libya's production have fallen steeply.

The U.S. Government has reached out to Saudi Arabia, and they have agreed to increase output by one

million barrels a day. Additional OPEC countries, including Russia, have also agreed to raise their output to ease the supply concern.



West Texas Intermediate (April-July 2018)

Gold ended the quarter at \$1254.50, down from last quarter's \$1346.90, a decrease of 6.6 percent.

Market Overview

Stocks continue to rally amidst trade war tension between the U.S. and China, and almost all U.S. banks passed Federal stress tests, exhibiting their strength to withstand another financial crisis.

The S&P 500 was up 2.9 percent this quarter, rising to 2718.37 and is up 1.7 percent year-to-date.

The tech-heavy Nasdaq Composite Index ended the quarter at 7510.30, an increase of 6.3 percent since April and is up 8.8 year-to-date.

The Dow Jones Industrial Average ended the quarter at 24,271.41, up 0.7 percent this quarter, but down 1.8 percent year-to-date.

The core personal consumption expenditures

(over, please)



price index (PCE), the Fed's preferred inflation gauge, rose 0.2 percent in June, up 2 percent from last year—achieving the Fed's 2 percent target for the first time in six years. This should cause the Fed to continue raising rates each quarter over the coming year.

What's Ahead?

The escalating trade war has upset the global market and will continue to do so, especially concerning the industrial and commodities market. Only time will tell the extent this trade war will have on global economic growth and relations.

Sources: *Financial Times* & *MarketWatch*, June 2018.

Numbers Talk

Percentage of Americans who couldn't cover a \$400 out of pocket emergency expense...44

Average loan amount on a new mortgage... \$309,200

Average FICO score for traditional mortgage applicants...680

Percentage of health care costs that are covered by insurance...69

Number of Americans who have student loans...44,000,000

Average debt of an American household...\$132,529

Number of open credit cards in the U.S.
... 1.9 billion

Tips for Preventing Fraud

As the prevalence of cybercrime and fraud continue to rise, it is essential that you keep your assets and identity well-protected. Pegasus Asset Management, Inc. helps play an important role in protecting your assets, you can also take action to protect and secure your information using these tips:

- Be aware of suspicious phone calls, emails, and texts asking you to send money or disclose personal information.
- Never share sensitive information or conduct business via email, as accounts are often compromised.
- Beware of phishing and malicious links which often appear urgent and look very legitimate. These are intended to tempt you into accidentally disclosing personal information or install malware.
- Don't open links or attachments from unknown sources.
- Never enter confidential information in public areas. Assume someone is always watching.
- Don't use personal information as part of your login ID or password.
- Create a unique, complex password for each website; change it every six months. You can use a password manager to simplify this process.



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