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“To believe in something, and not to live it, is dishonest” (Mahatma Gandhi)

Retirement – Wealth Plan Analysis: Are you ready for retirement? Are you on track to achieve your retirement goals? Let us help you with our Wealth Plan Analysis based on your current situation and future expectations for a healthy retirement. Please click on the 4-page questionnaire that is attached to the current e-mail, answer the questions as best you can, and send it back. We will then follow up with you.

My Website: www.davidjklein.com: Check out RBC’s “**Global Insight 2019 Outlook**” in the middle of the front page.

Key Statistics Year-to-date a/o 6/7/2019

Dow: +11.39%
S&P 500: +14.62%
Nasdaq: +16.68%

Treasury Bond Yields: Year- to-date a/o 6/7/2019

1-year Treasury: 1.97%
2-year Treasury: 1.85% - Yes, lower than the 1-year and below 2%
5-year Treasury: 1.85% - Yes, same yield as the 2-year
10-year Treasury: 2.09% - lowest level in 17 months
30-year Treasury: 2.57%

Yields fell substantially last week – some thinking the Fed will lower rates

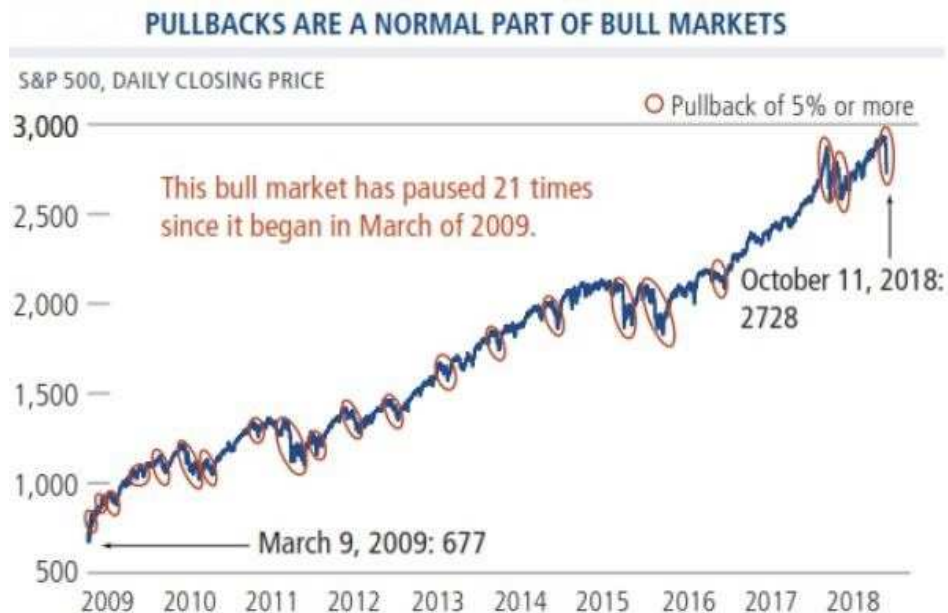
Markets: (Barron's, IBD, WSJ, RBC, MFS, Reuters, Advisor Perspectives)

- For the week: Dow rose +4.71%, S&P 500 rose +4.41%, Nasdaq rose +3.88%
- After a terrible month of May, markets were very strong last week
- Last week was the best week for all 3 indexes since November 2018
- Markets reacted to positive trade headlines and hopes for a rate cut from the Fed
- Based on forward projected earnings, S&P 500 trading at historical P/E of 15.4 – i.e., market is neither over nor undervalued
- As mentioned many times before, earnings and market forecasts cannot always be relied upon
- Global equities rose
- Oil declined to \$53.40/barrel – has slipped more than 20% from its April peak

REMINDER

PULLBACKS/CORRECTIONS ARE NORMAL

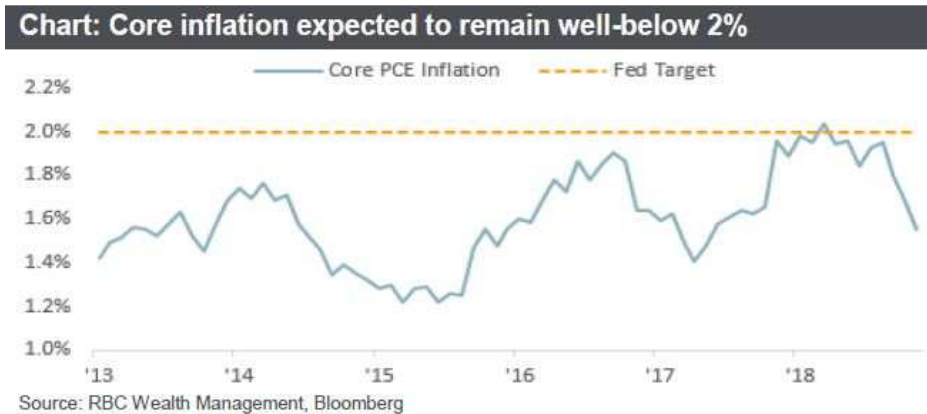
Corrections/pullbacks from highs are quite normal. During this bull market that started in 2009, there have been 21 of these corrections of 5% or more. That is more than 2 per year. The red circles in the chart show those corrections.



Past performance is no guarantee of future results. Source: Bloomberg and Thomson Reuters.
Chart courtesy of Calamos Investments

Economic and International News: (Barron's, IBD, WSJ, RBC, MFS, Reuters, Advisor Perspectives)

- Pace of job gains slowed to 75,000 in May – less than expected
- Unemployment rate held steady at 3.6% - still near 50-year low
- Wages increased at a 3.1% annual rate
- Increasing trade tensions and slowing global growth are concerns
- Slowing growth and low inflation causing Fed and European central banks to consider lowering interest rates



European inflation expectations plummeting

5-year, 5-year EUR inflation swap rate*

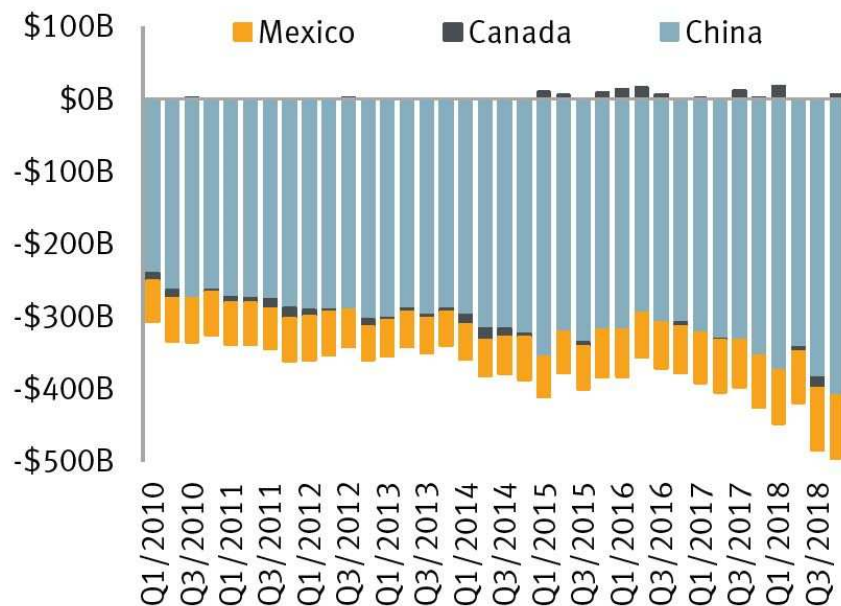


*A measure of inflation expectations in five years' time
Source - RBC Wealth Management, Bloomberg; data through 5/31/19

Mexico and China Trade: The following chart highlights the US trade deficit relative to China and Mexico. Trade talks have been positive with Mexico and China has reiterated its willingness to renew talks while blaming the US for backing away from a trade deal in early May.

Trade with Mexico constitutes roughly 13% of the overall U.S. trade deficit

U.S. trade balance by country



Source - U.S. Census Bureau, RBC Economics

Question of the Week: How many members make up the Federal Reserve's Board of Governors. How are they nominated and how long is their term of service?

Question From 2 Weeks Ago: In the first quarter of this year, 2019, US companies exported \$26 billion of goods to China. How much did China export to the US?

Answer: Chinese companies exported \$106 billion of goods to the US in the first quarter of 2019.

Did You Know:

- 40% of US homeowners own their home *free and clear* of any *mortgage or home equity loan*. The median debt total of the 60% with an outstanding debt balance is \$126,000. (BTN Research, American Housing Survey)
- In 2010, *1 out of very 91 individual tax returns* was audited by the IRS. Since then, the audit rate has *fallen for 7 consecutive years*. For calendar year 2017, just *1 out of 169 returns* has been audited. (BTN Research, IRS Data Book)

Sports Trivia: The Golden State Warriors are in their *5th straight year* in the NBA finals. This is the 1st year the Warriors do not have *home court advantage*. (BTN Research, NBA)

Referrals: Many sincere thanks for your referrals of family, friends, and associates. I am deeply appreciative.

Sincerely,

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The Dow Jones Industrial Average covers 30 blue chip U.S. companies selected by the editors of the Wall Street Journal. The Dow represents about 25% of the NYSE market capitalization and less than 2% of NYSE issues. The Nasdaq Composite is a market-value weighted index that measures all NASDAQ domestic and foreign common stocks. The Standard and Poor's 500 is an unmanaged, capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies representing major U.S. industry sectors. The index is calculated on a total return basis with dividends reinvested and is not available for direct investment.

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