



Weekly Market Review

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The Week Ending February 2, 2018

There was no hiding from last week's market sell-off. Domestic equities, international equities, real estate equities, government bonds, corporate bonds, international bonds, and commodities all posted negative numbers for the week. Equities, in particular, took the most significant losses. The S&P 500 (domestic equities) was down -3.8% and the MSCI EAFE (international equities) was down -2.8%. Even with the worst week in two years to close January, the S&P is still up 3.4% for the year.

Amazon, JP Morgan, and Berkshire Hathaway announced their intention to join forces to launch a new non-profit healthcare company "that is free from profit-making incentives and constraints." The plan will just focus on their own combined 1 million employees initially but may provide a prototype for other companies to follow in the future. These are three heavyweight companies with heavyweight CEOs. You have to think that when Jeff Bezos, Jamie Dimon, and Warren Buffet put their minds to something, they really have potential to move the needle in a big way. The healthcare sector certainly took notice last week. Express Scripts, CVS, and Walgreen's were down between 7-9%.



The Fed met last week which marks their last meeting with Janet Yellen as the Chairwoman. As expected, there were no changes to current monetary policy. Yellen commented after the meeting that "the economy is growing at a healthy, solid pace" and "The job market is strong, and inflation is low... The Federal Reserve has been on a path of gradual rate increases, and if conditions continue as they have been, that process is likely to continue, and as it does, we would expect long rates to move up." Long rates, along with the market's inflation expectations, have been inching up putting pressure on longer duration bond returns. Yellen's next step will be to join Ben Bernanke at working for the Brookings Institution, a nonprofit public policy organization attempting to solve problems facing society at the local, national, and global level.



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