



# Weekly Market Review

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## The Week Ending May 5, 2018

The bulk of S&P 500 companies have now reported earnings with an average year-over-year growth rate of 24.2% far beating estimates of 17.3% going into the quarter. The monthly US Employment Report was released this past Friday, and the unemployment rate dropped to 3.9%, the lowest since 2000. The Fed met this past weekend left interest rates unchanged. Yet, equity prices were flat to down on the week both domestically and overseas.

One negative weighing on investors' minds was the trade talks between China and the U.S. not making much progress. While both sides agree that a sound and stable China-U.S. trade relationship is crucial for both countries, neither side wants to give any ground and remain miles apart in a variety of areas. One point of contention surrounds technology. The "Made in China 2025" plan sets the goal of 70% of the country's computer chip to be made in China. While Chinese chip technology is considered years behind leading technology, the government is heavily subsidizing the industry and guarding against international competition through tariffs. The U.S. is pushing for China to end subsidies, to end tariffs, and generally, to stop stealing U.S. company's intellectual property.



Bitcoin has been quietly staging a comeback moving from about \$6,700 last month to testing the key psychological \$10,000-mark last week. Goldman Sachs announced they will be the first of the Wall Street banks to launch a bitcoin trading operation where it will trade bitcoin futures contracts on behalf of clients using its own money. Over the weekend, the price climbed north of \$9,900 before getting whacked back to \$9,200 Monday morning after Warren Buffet, Charlie Munger, and Bill Gates all criticized the cryptocurrency. Buffet said bitcoin is "probably rat poison squared," and Munger said trading cryptocurrencies is "just dementia." Gates went a little easier only saying, "It's kind of a pure 'greater fool theory' type of investment," adding, "I would short it if there was an easy way to do it."



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