Total Clarity
Wealth Management, Inc.

Weekly Market Commentary
August 7, 2017

The Markets

Who's been buying shares of company stock?

Since the start of the bull market in 2009, U.S. companies have been buying their own stock. Stock buybacks peaked during the first three quarters of 2016 and have dropped off sharply since then, reports *Financial Times* citing a report from *Goldman Sachs*.

Companies participate in stock buyback (a.k.a. share repurchase) programs to improve shareholder value. For example, if company management believes a company's shares are undervalued, it can buy shares on the stock market or offer shareholders a fixed price to purchase their shares. This reduces the number of shares in the marketplace and increases earnings per share, which has the potential to boost the company's stock price.

The slowdown in stock buybacks hasn't hurt stock markets. *Financial Times* reported:

> "The slowing pace of companies buying back their own shares has certainly not halted Wall Street's stellar run so far this year. While there is a reduced tail wind of buybacks helping boost earnings per share via a lower share count, U.S. companies have reported robust year-on-year sales and earnings growth for the recent quarter. That has helped offset the decline in buyback activity, but some warn that the clock is ticking for Wall Street bulls."

There was no sign of a slowdown in the bull market last week, though. The *Department of Labor* reported the United States added more new jobs than anyone had expected during July, and the unemployment rate fell to 4.3 percent – the same level as May 2017, which was the lowest in 16 years, according to *Barron's*.

Jobs growth was music to many investors' ears.

Financial Times reported, "U.S. equity indices hovered near record highs – with the Dow Jones Industrial Average touching an all-time peak of 22,089.05 in early trade – with financials bolstered by the rise in yields. European [markets] ended the week on a strong note, helped by a sharp retreat for the euro against the dollar."

Data as of 8/4/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.2%	10.6%	14.4%	8.5%	12.2%	5.4%
Dow Jones Global ex-U.S.	0.6	17.0	17.5	0.8	5.4	-0.4
10-year Treasury Note (Yield Only)	2.3	NA	1.5	2.5	1.6	4.7
Gold (per ounce)	-0.6	8.5	-7.7	-0.4	-4.8	6.4
Bloomberg Commodity Index	-1.4	-4.8	-0.8	-13.3	-10.3	-6.8
DJ Equity All REIT Total Return Index	-0.2	6.1	-0.5	9.2	9.6	7.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

SAVING IS AS EASY AS RIDING A BIKE! If you would like to save more money – for retirement, college tuition, healthcare costs, or some other financial priority – hop on your bike and ride.

As it turns out, riding your bike may help boost your savings. Whether you commute to work on two wheels or cycle around town doing errands, opting for manpower instead of horsepower can help generate some additional savings, according to a source cited by *Bankrate.com*:

> "The average American household spends over $9,000 a year on transportation, making it the second-largest expense after housing…Many families simply take for granted the two-car, driving-to-work arrangement that's the norm for American households and often don't consider alternatives like public transportation, carpooling, or biking…That's a shame, because its status as a major household cost means cutting transportation can radically cut your overall costs and, potentially, increase your ability to save…"

If you are serious about saving, imagine what your finances would look like if you:

- **Drove less.** *AAA* reported owning a small car costs about $6,600 a year, while rumbling around in an SUV costs more than $10,000 annually. (The estimate includes fuel, insurance, depreciation, maintenance, fees and licensing, finance charges, and tires.) Eliminating a car could significantly improve your ability to save.
- **Cycled more.** Not everyone can get by without a car; however, if you bike shorter distances or when the weather is good, then you could qualify for a low mileage discount on your auto insurance.
- **Didn't go to the gym.** If you're riding a bike to work or to run errands, then you probably don't need spin class. The average gym membership runs $54 a month or almost $650 a year.
- **Bought less stuff.** Impulse purchases are less tempting when you're cycling because bike baskets and saddlebags have limited storage space. Who knows how much that could help you save?

In addition to saving money, two-wheeled travel options are likely to improve your fitness and reduce the stress of rush hour driving. Cycling may even eliminate the need for dieting and some medications. Here's an added bonus: If biking improves your longevity, you may have more time to spend the money you save!

Weekly Focus – Think About It

"Life is like a 10-speed bicycle. Most of us have gears we never use."

--Charles M. Schultz, Cartoonist

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indices referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Consult your financial professional before making any investment decision.
* Stock investing involves risk including loss of principal.

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