



Solutions Centered Wealth Management

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THE MARKETS

Global equities fell on the week amid increasing concerns over global growth and lingering trade tensions. The yield on the US 10-year Treasury note slumped 16 basis points from a week ago, to 2.85%, while the price of a barrel of West Texas Intermediate crude oil ended up slightly at \$52.13 from \$50.72n a week ago. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), rose to 23.2 from 18.1 last Friday.

Returns through 12/07/18	1 Week	YTD	1-Year	3-Year	5-Year
Dow Jones Industrials	- 4.44	0.90	3.08	13.99	11.45
NASDAQ Composite	- 4.92	0.96	2.30	10.96	11.40
Russell 2000	- 5.53	- 4.60	- 3.53	9.04	6.50
S & P 500	- 4.55	0.32	1.81	10.48	10.09
MSCI EAFE NR USD	- 2.36	- 11.44	- 9.02	3.46	1.82

Source: Morningstar.com. * Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three and five-year returns are annualized. The S&P, excluding "1 Week" return is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

No bank failures last week – According to information available on the FDIC website, no banks failed last week. The FDIC website lists no bank failures thus far in 2018. There were 8 bank failures in 2018, 5 in 2016, 5 in 2015, 18 in 2014, 24 in 2013, 53 in 2012, 90 in 2011, 157 in 2010, 140 in 2009, 26 in 2008, 3 in 2007, zero in 2006 and 2005.

Rate hike pressure recedes as U.S. job growth pace slows – Markets spent much of the week pricing out multiple U.S. Federal Reserve rate hikes in 2019, and Friday's softer-than-expected jobs report bolstered the case for a less aggressive Fed next year. A hike is still expected at the December 18–19 meeting of the Federal Open Market Committee, though the quarterly pace of hikes the market has become accustomed to could be altered, with the Fed taking a more wait and see approach as U.S. economic data becomes more mixed, global growth slows and a plunge in oil prices reduces already modest inflation pressures. Friday's jobs report shows that the economy added 155,000 new jobs in November, with the unemployment rate holding steady at 3.7%. Last month, average hourly earnings rose less than expected, just 0.2%, a sign that wage pressures remain muted despite the historically low unemployment rate.

Tense trade ceasefire between China and U.S. – While the United States and China agreed at last weekend's G20 summit to embark on an intensive 90-day negotiation toward coming to a long-term agreement on trade, the talks have gotten off to a rocky start. U.S. president Donald Trump issued a series of tweets which suggest that the U.S. will hold a hard line in the negotiations, indicating that there will be a "real deal" or "no deal at all" and noting that he is a firm believer in tariffs. A day after markets tumbled in the wake of the tough talk on trade, the president said China is sending strong messages about wanting to conclude a deal. The Chinese Ministry of Commerce, for its part, said that Beijing is "very confident" about reaching an agreement within the 90-day negotiating window. Complicating matters, however, was the arrest in Canada last weekend of an executive of a Chinese telecom equipment manufacturer — at the behest of the U.S. Department of Justice. The executive faces extradition to the U.S. on suspicion of using the global banking system to evade U.S. sanctions on Iran. Some of this week's volatility was spurred by concerns that the arrest could derail the renewed U.S.-China talks.

Enfeebled May faces Brexit vote next week – The British Parliament will vote on the United Kingdom's withdrawal agreement with the European Union on Tuesday with Prime Minister Theresa May in a severely weakened political state. May faces pressure from both the Remain and Leave camps, with Remainers hoping to force a softer Brexit that will keep the United Kingdom closely aligned with the EU on trade while Leavers fear the current deal does not go far enough to distance the UK from the EU. At present, it looks as though the agreement will not be ratified, putting May's leadership in grave danger. What will happen next is unclear. May could face a leadership challenge, she could resign, a general election could be called or there could even be a second Brexit referendum. Time is running short, however, with the UK scheduled to quit the EU on March 29, 2019.

OPEC working toward production cut – While final details are yet to be worked out, it looks as though OPEC and non-member nations like Russia have settled on a production cut of around 1.2 million barrels per day. That's slightly more than anticipated and sparked a rebound in crude prices. West Texas Intermediate crude is up a bit more than \$2 a barrel this morning, at \$53.60.

Protests result in France scrapping fuel tax rise – Weeks of violent protest in Paris and other French cities has forced President Emmanuel Macron to cancel the planned hikes in fuel taxes that were scheduled to come into effect in 2019. However, the tax hike was not the only issue that enflamed rioters, and the protests have raised concerns that anti-government sentiment is building across Europe. Macron's approval rating is presently only 18% amid low wage growth, high taxes and the fourth highest unemployment rate in the EU.

The week ahead

- Japan gross domestic product reported Monday, December 10.
- UK industrial production and Q3 gross domestic product reported Monday, December 10.
- UK unemployment released Tuesday, December 11
- U.S. consumer price index released Wednesday, December 12.
- European Central Bank meeting Thursday, December 13.
- China retail sales, fixed investment, industrial production reported Friday, December 14.
- U.S. retail sales, industrial production released Friday, December 14.



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WEEKLY FOCUS

Wildfires and home insurance: What everyone needs to know; Typically, damage from fire, smoke and ash is covered under standard home insurance, though in some cases, depending on your location, there may be some exclusions for wildfires.

In California, for example, if you live within 2,500 feet of a canyon or area deemed high-risk by insurers, you may have to pay extra for coverage or you may even be denied a policy.

What property is protected with home insurance?

Homeowners insurance covers a wide range of items, from your home to the belongings inside it.

Examples of dwelling coverage:

- Home
- Garage
- Toolshed
- Deck

Examples of personal property coverage:

- Furniture
- Clothing
- Jewelry
- Electronics

Handling smoke and ash damage

If your home was exposed to smoke and ash, be sure to have the house and your personal items inspected and then cleaned or treated and restored to its original state.

Your dwelling coverage, up to your policy limits, will pay to repair smoke and ash damage to your house, while contents coverage pays to repair and replace damaged furniture, clothing and other personal property.

Here is a checklist for how to document smoke damage that will help support your wildfire claim, according to the non-profit consumer advocacy group United Policyholders:

After documenting your damage, let your insurance company inspect your home, and be sure to take notes on the inspection and document your conversations. Be sure to have a thorough inspection done by a qualified person. For instance, it's ideal to have the inspector be an independent contractor who does not get the majority of his or her business from your insurance company. Also, ask for credentials, to be sure you have trained professionals who are certified or trained in air quality and particulate assessment.

Consider paying for a qualified inspector to assess your home if your insurer is not willing to pay for an investigation into all damage, including what may be hidden behind drywall and so on. You will want to use a company that has experience testing homes exposed to wildfires that works with Certified Industrial Hygienists (CIH), who test for smoke, soot and char and other contaminants in the air and on surfaces. Field Testers conduct swab testing of surfaces inside your home to determine if there are particulates, such as carbon, ash or soot. The air is also captured in a container that can detect off-gassing specific to wildfires. These results are what you would submit to your insurance company. They also determine the type of cleaning and repair methods needed to make your home clean and safe again. The cost is typically between \$2,000 to \$4,000 for testing, lab work and a written report.

Tips for filing home insurance claims after wildfires or any other loss

Keep an updated inventory

Have a list of your belongings prepared beforehand so you have a good place to start when you must go over what property was possibly destroyed in the wildfire. This will speed up the completion of required proof of loss forms that ask for information related to the date of purchase for destroyed items and the cost to repair or replace them. Update this inventory as you accumulate or get rid of belongings.

Record damage to all property

Have a record of the destruction to your property ready by taking pictures showing obvious signs of damage. Keep all damaged belongings in case an insurance adjuster needs to visit to inspect your property and verify claims.

Get a second opinion

Get a second opinion as even professionals with an eye for home damage can have different assessments.

File your claim as soon as possible. To expedite the approval of your claims, begin the process as quickly as you can after you discover destruction to your property by contacting your insurance provider. There is a time limit for filing claims so confirm the deadline to file.

Securities offered through
Cambridge Investment
Research, Inc.
a registered Broker/Dealer,
member FINRA/SIPC,
David L. Kaiser,
Registered Principal.
Advisory services offered
through Cambridge Investment
Research Advisors, Inc., David
L. Kaiser, Investment Advisor
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