Market Commentary
March 5, 2018

Dear Investors:

As Yogi Berra once said: It's déjà vu all over again.

Last week, global stock markets took a bit of a dip after President Trump announced a 25 percent tariff on steel and a 10 percent tariff on aluminum. Tariffs are taxes on goods imported from other countries. In general, governments impose tariffs to enhance revenue and/or protect domestic industries from competition abroad.

Tariffs tend to spark fierce debate about protectionism and free trade. Proponents suggest tariffs may protect domestic companies and create jobs. Critics suggest tariffs may slow economic growth and drive prices higher.

Here's the thing: tariffs don't always produce the anticipated results. Let's take a look at two examples while keeping in mind that World Trade Organization (WTO) rules do not allow countries to impose new tariffs unless they are 'safeguards' intended to protect a domestic industry.

In 2002, President George W. Bush imposed a tariff on steel. While the WTO was deliberating about the action, "…the European Union ended up hitting Bush where it hurt. The bloc planned tariffs on a wide range of products, including many produced in key swing states where job losses could hurt Bush's chances of re-election," reported *Time*. The WTO eventually decided the tariff was illegal. Eventually, in 2003, the tariff was removed.

In 2009, President Obama imposed a safeguard tariff on Chinese-made tires. China retaliated by restricting imports of American chicken feet (a culinary treat in China), reported *The Economist*. At the time, U.S. exports of chicken appendages were valued at about $278 million. Guess what happened?

Far fewer Chinese tires were exported to the United States. However, tire imports from South Korea, Thailand, and Indonesia doubled, more than offsetting the decline in Chinese-made tires, reported the *Council on Foreign Affairs*. On the other side of the tariff tiff, U.S. poultry exports

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to China fell, but U.S. poultry exports to Hong Kong rose. As they say, when one door closes, another door opens.

In the big picture, it's unlikely U.S. tariffs on steel and aluminum will have significant impact on China, the reported target of the new steel tariffs. After all, China ranks eleventh on the list of nations sending steel to the United States, reported *National Review*. Most U.S. steel is imported from U.S. allies such as Canada, Mexico, and South Korea.

Data as of 3/2/18	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.0%	0.7%	13.0%	8.3%	12.0%	7.3%
Dow Jones Global ex-U.S.	-2.8	-1.3	17.1	3.8	4.1	0.6
10-year Treasury Note (Yield Only)	2.9	NA	2.5	2.1	1.9	3.5
Gold (per ounce)	-0.4	2.0	6.8	2.9	-3.4	3.0
Bloomberg Commodity Index	-0.6	0.0	1.3	-4.7	-8.3	-8.7
DJ Equity All REIT Total Return Index	-2.6	-10.4	-5.9	1.7	6.2	6.9

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.

WHAT DOES YOUR STATE EXPORT?

Every state has adopted official symbols that represent its culture and heritage. You can probably name your state's official bird and flower. It's likely you recognize your state's flag and its seal. Can you name its highest value export?

The United States exported about $1.6 trillion worth of goods during 2017, according to *The World Factbook*. Here is a list of the states that export the most, along with their highest value exports:

1. Texas – fuel oil and light oil
2. California – civilian aircraft, engines, and parts
3. Washington – civilian aircraft, tanks, and armored vehicles
4. New York – diamonds and art
5. Illinois – light oil and soybeans
6. Michigan – trucks and passenger vehicles
7. Louisiana – fuel oil and soybeans
8. Florida – civilian aircraft and cellular phones
9. Ohio – civilian aircraft and soybeans
10. Pennsylvania – coal and medicine
11. Indiana – medicine and gear boxes
12. Georgia – civilian aircraft and gas turbines
13. New Jersey – fuel oil and jewelry

14. Tennessee – medical instruments and civilian aircraft
15. North Carolina – civilian aircraft and medicine

It's interesting to note top-exporting states often are top-importing states. The top 10 states by import are: California, Texas, Michigan, Illinois, New York, New Jersey, Georgia, Pennsylvania, Tennessee, and Florida.

Weekly Focus – Think About It

"So, vision begins with the eyes, but it truly takes place in the brain."

--Fei-Fei Li, Director of Stanford's Artificial Intelligence Lab

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

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 email with their email address and we will ask for their permission to be added.

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* 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 indexes 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.
* These views are those of Carson Group Coaching, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.

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* Stock investing involves risk including loss of principal.
* Consult your financial professional before making any investment decision.

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