

All major indices fell last week with the S&P 500 off 0.61%, the Dow down 0.86%, and the NASDAQ losing 1.17%.

Several items likely led to the market pullback last week, including:

- The nearly 400 mile wide Hurricane Irma made landfall in Florida causing flooding and extensive wind damage. The price tag for Harvey is still being calculated, but the cost of the two storms could be several hundred billion dollars.
- President Trump struck a deal to extend the debt ceiling for three months while providing Harvey relief funds for Texas and Louisiana. While delaying a potential crisis for now, this could lead to a fiscal cliff in December or early 2018.
- Kim Jong-un's nuclear program continues to advance as North Korea successfully tested a hydrogen bomb and threatened another test over the weekend, further raising the stakes in its standoff with the United States and adding to the global instability.
- Federal Reserve Vice Chair Stanley Fischer said he is resigning effective Mid-October, eight months before his term ends, leaving three Fed seats vacant. His sudden resignation, for personal reasons, leaves remaining members that are more dovish, potentially creating a bearish dollar environment.

In positive news this week, the stock market reversed last week's declines by closing Wednesday at all-time highs, with the Dow up 1.65%, the S&P up 1.5% and the Nasdaq up 1.57%.

There were several pieces of positive news that likely spurred this week's turnaround in the market:

- Storm damage concerns eased as Irma weakened to a tropical depression on Tuesday and appeared to have caused less damage than expected.
- North Korea did not conduct a missile test over the weekend as promised.
- According to Treasury Secretary Steven Mnuchin, tax reform is President Trump's number one priority and "we're going to get this done by the end of the year." Further, he said they are considering backdating the reform to give a boost to the American economy.

As we have mentioned in prior communiques, even a modest reduction in corporate taxes could result in huge corporate earnings increases, which would in-turn drive the stock market. While we are hopeful for tax reform, we remain cautious as the process has just begun.

Regards,  
Jeremiah Patterson, CFP®

Copelin Financial Advisors  
514 Brooks Street  
Sugar Land, TX 77478  
Phone: 281 240-2902  
Fax: 281 240-2856  
[jeremiah@copelinfancial.com](mailto:jeremiah@copelinfancial.com)

Securities offered through ProEquities, Inc., a Registered Broker-Dealer and Member FINRA & SIPC Advisory Services offered through Harvest Investment Services, LLC., a Registered Investment Advisor Copelin Financial Advisors, Inc and Harvest Investment Services, LLC are independent of ProEquities, Inc.

Several sources were consulted, including the Wall Street Journal and WE Sherman & Co., LLC