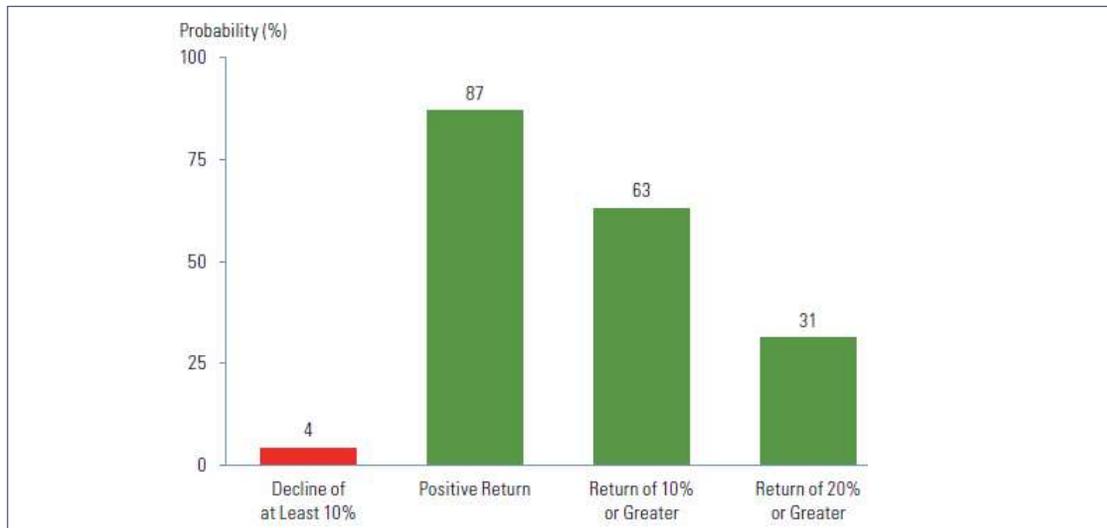


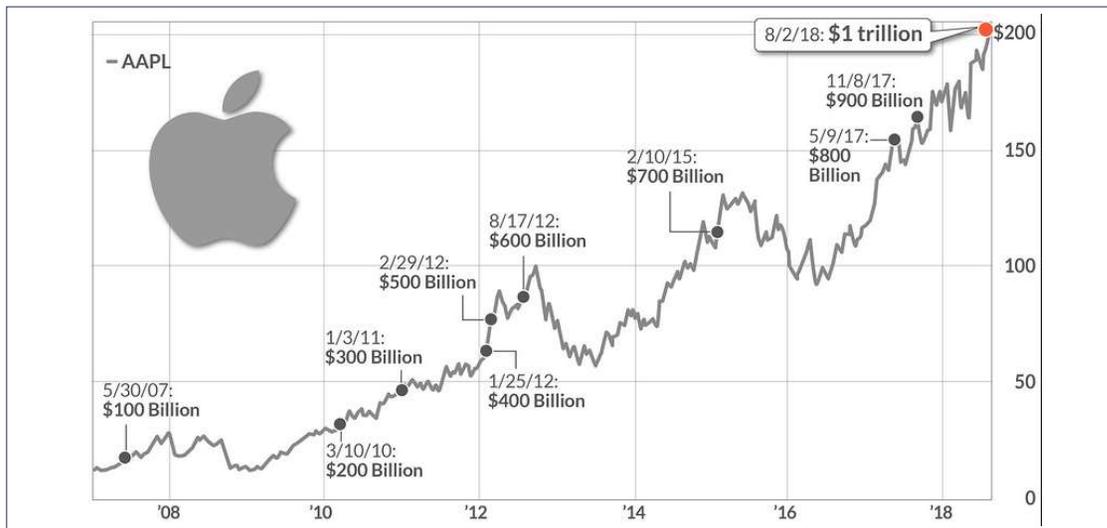
# Market Recap

## Market Returns During U.S. Economic Expansions



Source: Goldman Sachs

## The Trillion Dollar Company



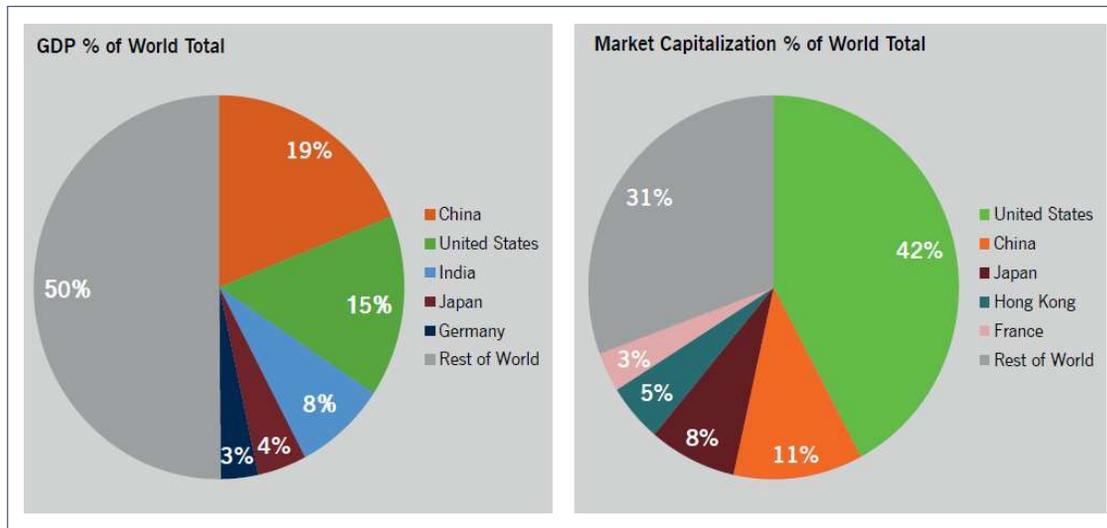
Source: MarketWatch

Although long term market returns are most closely linked to growth in corporate profits (rather than GDP readings), data collected in the post-WWII era suggest that there's also a meaningful correlation between economic growth and the stock market's performance. In fact, over the past 70 years, just 25% of bear markets have begun when GDP data was positive, and the odds of double digit returns have been better than 50%. This is not to suggest that any economic expansion can go on forever (none ever do), but rather it's a reminder of the opportunity cost of dialing back risk too soon. With continued strength in recent earnings and a still benign inflationary environment, most market barometers suggest that the market is likely to stay in positive territory.

Earlier this month, Apple became the first U.S. listed company to reach a \$1.0 trillion market capitalization. During a 2Q18 earnings season that saw the stocks of most high-flying tech companies take a step backwards, investors drove Apple's market capitalization above the \$1 trillion mark in the wake of strong results. Achieving this milestone is especially impressive in the context of plateauing shipments of Apple's flagship iPhone, as the company's recent revenue growth has been driven primarily by upselling its customer base on newer devices with more bells and whistles. Time will tell whether the device maker can sustain this momentum (some analysts have hinted at an autonomous vehicle as the next big leg of growth), but it's truly been a remarkable run.

# Market Recap

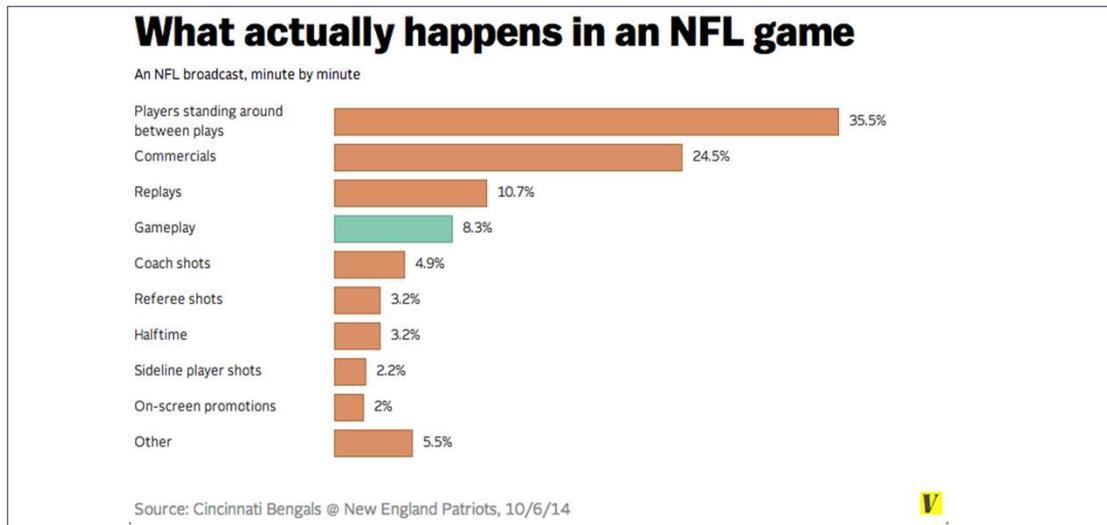
## Financing Differences Among Regional Stock Markets



Source: Eaton Vance

The value of the U.S. stock market represents 42% of the value of the global stock market, while the value of the U.S. economy represents just 15% of global GDP. The relative size of the U.S. within each domain has gradually eroded over time, driven by the forces of globalization and demographics. While these trends highlight the importance of global diversification, they also highlight how financing preferences differ across countries. A financial system fuels economic growth by channeling funds from savers (i.e., investors) to borrowers (i.e., businesses). In countries like Germany and Japan, banks act as the primary lending channel, deciding which businesses to lend to and on what terms. In the United States however, the financial markets (i.e., stock and bond markets) act as the primary lending channel. This financing preference accounts for the relative size of the U.S. stock market and for many of the economic advantages the U.S. enjoys, including the significant wealth of its investor base.

## Life Hacks for the NFL Fan



Source: Vox Media

The NFL preseason is underway, with three more weeks of games before the actual 2018 season begins. As the summer winds down, pro football fans invariably turn to football related activities, including fantasy football drafts, television upgrades, team paraphernalia, and tailgate planning. While the average NFL game is just over three hours, less than 10% of that time is actual gameplay, with the bulk of time spent on replays, commercials, and idle time between plays. A life hack “refers to any trick, shortcut, skill, or novelty method that increases productivity and efficiency, in all walks of life.” Many life hackers advocate watching NFL games on delay through “Game Pass”, where the time devoted to watch an entire game takes approximately 30 minutes, thereby freeing up a significant amount time for other activities and interests.

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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