The theme of a global interest rate tightening combined with a draw-down of balance sheets assets around the globe continues to broadcast from the world's largest central banks. After three rate hikes during 2017, the US 10 Year Note sits at a level of 2.3%, lower than January 1st 2017. The US dollar has weakened during 2017 after a strong rally last fall. Any continued weakness in the dollar with be positive for gold and other commodities. I believe however that the dollar is taking a break from its recent interim climb, and will resume higher if rates finally get some traction.

In a troubling development for technology - European Union regulators are coming down with force on the likes of Google, Facebook and other technology giants. Google has challenges with search engine practices in Europe by placing its shopping search function above competitors. The $2.7 billion fine is most probably going to be appealed by Google. A longer standing fine amounting to 5% of Google's daily turnover if the behavior is not corrected within 90 days would amount to a very large fine over time. There may be tougher times ahead with US regulators and additional foreign entities flexing their power. We have witnessed a leg lower in the tech heavy NASDAQ since the fines were first announced last week. Perhaps the tech companies can navigate out of the regulation box through incremental innovation and market share through a return to free market policies.

Apple continues to boost its self driving vehicle program, acquiring Sensomotoric, a German based eye tracking software/ hardware firm. Apple has also recently ventured into a partnership with Hertz, leasing cars to test its self driving programs. Partnerships between technology companies and automotive concerns will likely become more frequent. Google has partnered with Avis for service and storage of Alphabet / Google's self driving fleet. It is inevitable that advanced technology and artificial intelligence will soon be an integral component to our not so distant transportation options.

Cyber security will continue to play an outsized role in our highly connected universe. Advanced intrusion of viruses and cyber attacks on a large scale pose serious challenges for security and productivity. Technology firms and the uses of their software and services are continually at risk. A major code leak for windows 10, with source code posted anonymously – could allow hackers to seek and exploit security flaws in the code. The latest ransomware virus which spread rapidly across Europe and the US last week highlights the security flaws. As the attacks become inevitably more sophisticated with each wave, the spending on IT security will continue to advance. In my opinion, IT security along with North Korea's geopolitical tensions pose the largest near term non-economic factor challenges to the economy and equity prices.

Underlying the current sustained YTD rally in equities – consumer confidence rose in June. Home appreciation for April slowed relative to the strong multiyear record monthly gains of February and March. Europe continues to be a global bright spot, with business confidence in Germany at the highest level recorded since tracking by IFO Business Climate Index initiated. The revised higher GDP for 1st quarter 2017 of 1.4% was first reported as 1.2%. US consumer spending and exports were also revised higher. During July we will reach a nine year economic expansion, albeit anemic. Most economists expect a higher annualized GDP once the second quarter is embedded in this seasonally adjusted annual rate. Growth may slow enough to recession / negative growth rates within the next year. Some look to tax reform and infrastructure spending to prolong the current expansion. Until health care reform (projected deficit reductions) becomes law, it is very unlikely any other adjendas will proceed. The true cost savings and hurdles associated with health care reform are an unknown input until legislation is passed. To proceed without knowing the projected savings would be reckless. I believe the health care debate will drag on for longer than anticipated. There are no easy solutions to this vexing issue.