

Thursday, May 16, 2019

Good Afternoon,

Last week stocks experienced their worst of the year as trade issues took center stage. That followed through into Monday with very sharp drops across the board. Two weeks ago, I wrote that “Good news on trade (with China) is baked into markets and could prove premature or even disappointing.” That proved true as US/China trade talks broke down and new tariffs were installed on Chinese goods. It’s clear that there is a wide gap to cross before any real agreement can be reached and until that happens, stocks and other risk assets will remain vulnerable, and the global economy will remain under pressure.

While the recent increase in tariffs (around \$30 billion) is not significant compared to the size of the US economy (\$20 trillion), it is the damage to business and consumer confidence that presents the greatest threat to our markets. These are not immediate concerns, but will show up over time – just like the economic impact. The incentive for both sides to come to a deal is significant. We are cautiously optimistic they will. Until then, we expect continued volatility – both up and down.

Today is the first round of the PGA Championship being played on Long Island, NY. It’s golf’s 2<sup>nd</sup> Major Championship of the season for best players in the world. The first – The Masters – was won by Tiger Woods, capping a most improbable comeback for one of the greatest ever. All eyes are on him again to see if he can continue his journey back to the top. Golf is a little less boring with Tiger in the hunt.

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[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm)

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Hoping for dry weather,

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