

Wednesday, January 8, 2020

Good Afternoon,

Markets have started the New Year looking for direction, essentially trading sideways over the past week. We saw positive momentum in late December on the news of the “Phase 1” agreement with China on a trade deal. Upon further review, Phase 1 is simply an agreement on what issues will be discussed in the next round of talks. No real substance, just a headline interpreted as good news. With the economy running fairly smoothly, it will be news headlines that impact market movements in the short term.

This week’s headlines are dominated by the US actions in Iraq and reactions by Iran. In our prior concerns for what may trouble markets in the new year, potential war with Iran was not high on the list. While markets are up as of mid-afternoon today, the stock futures were down sharply late last eve upon news of Iranian retaliation strikes. What does it all mean for investors? From an economic perspective, not much. But we are likely to experience further volatility if this series of strike/counter strike continue. President Trump’s news briefing today seemed to calm markets as he referred to further sanctions on Iran rather than additional military action. We don’t believe either side wishes to elevate the tensions to the level of war.

As this new chapter of mid-East conflict continues, keep an eye on Vladimir Putin. Mr. Putin would love it if the US-Iranian tensions escalate as it would allow him to protect and solidify his relationships with the hardliners in Iran and Syria, and perhaps Turkey. We would not be surprised to see him attempt to broker some kind of a deal to try to and cast Russia in a positive light and show off on the world stage. President Trump would do well to avoid allowing Putin this opportunity – for many reasons.

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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.

Have a great week,

*Wade*

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