

Thursday, February 21, 2019

Good Morning,

After another strong week, markets have erased nearly all of December's sharp decline and investor fears have eased. While stocks remain in rally mode, there are signs that our economy is starting to slow. The sharp drop in December retail sales and today's worse-than-expected durable goods orders may simply be anomalies, or they may show a shifting trend in the economy. Either way, a pause in this recent rally is likely and it would not surprise us if stocks back up slightly over the next couple weeks.

The Chinese economy is showing clear signs of slowing. Most likely this is a cyclical trend for the Chinese, but US tariffs – and the threat of even more – are certainly not helping and add pressure for the Chinese to make concessions in the ongoing trade talks. While the negotiations are far from complete, it does appear progress is being made. We anticipate that the March 1st deadline for additional US tariffs on Chinese imports will be extended by the Administration as a show of good faith in the continued dialogue.

While politics, trade talks and the Fed occupy most of the financial headlines, our national debt continues to skyrocket. The US government spends \$12.5 billion per day. Our nation has maintained financial records since 1789 (230 years). From 1789 to March 2009 (220 years), our government created \$11 trillion of debt. From March 2009 to last week - the last 10 years - our government created another \$11 trillion of debt, reaching a record \$22 trillion (source: Treasury Department). The national debt is a serious issue that both sides of the aisle appear to be ignoring.

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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.

Hope you have a great weekend,

Wade

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