

Thursday, February 28, 2019

Good Morning,

The stock rally is on pause as markets try to digest new economic data and predict the outcome of the US-China trade talks. As we expected in last week's update, the March 1 deadline for additional US tariffs on Chinese goods has been extended. US trade negotiators have indicated this will be a very long process, so there will be no near term resolution.

In the bond market, prices remain range bound with the ten-year US Treasury yielding under 2.7%. Remember that rates peaked back in early October (3.2%) and declined sharply when stocks sold off in the last Quarter of 2018. They have remained lower despite the stock rally of 2019 and the Fed rate increase in December. While this pattern reflects a lack of concern for inflation, it may also indicate limited growth potential for our economy moving forward.

This week in history; on February 25, 1862, Abraham Lincoln signed the Legal Tender Act, allowing the US government to print paper money not backed by gold or silver. Unlike private and state banknotes, these Demand Notes were printed on both sides. The reverse side was printed in green ink, and the public dubbed them "greenbacks."

President Trump faces new accusations as his former attorney testifies before the House Oversight panel. But there is good news; President Trump has installed a \$50,000 indoor golf simulator in his personal residence in the White House (source: Golf Digest). No word if Mexico paid for it.

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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.

Enjoy your week.

Wade

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