

Thursday, August 01, 2019

Good Morning,

As expected, the Fed lowered interest rates on Wednesday by ¼%. Chairman Powell then stated that this rate cut – the first in over 10 years – was simply “an adjustment” and not the beginning of the next easing cycle. This means the Fed is not committed to cutting rates further this year. Stocks had been up before the announcement and turned sharply lower by the end of the Wednesday session showing disappointment in Powell’s comments.

We saw no progress in this week’s U.S./China trade negotiations. A deal doesn’t seem likely anytime soon, and we think investors should expect the status quo to remain. Some theorize that China will drag this out until after the 2020 elections hoping to negotiate with someone other than Trump. If true, additional tariffs from both sides could be in the cards and would be disruptive for stocks, especially in light of a weakening global economy.

From across the pond: Boris Johnson is the new Prime Minister of Great Britain. He is tasked with solving the BREXIT problem that does not appear to offer many favorable options. The former mayor of London is a brash, opinionated man with odd hair and a penchant for insulting his opponents. Hmmm, sounds familiar.

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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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