

Wednesday, September 12, 2019

Good Morning,

Stocks have brushed aside the negative headlines the past two weeks and markets are back near the highs of July. (Despite the strong rally this year, the S&P 500 Index is up less than 3% over the past 12 months.) Talk of the “inverted yield curve” has faded, for now, as the Ten-Year Treasury yields are higher than the 2-Year yields. Interest rates will take center stage next week as the Fed will be meeting to decide the trajectory of the Fed Funds Rate. It is highly anticipated that we will get another ¼ point rate cut as signs of slowing economic growth continue to emerge.

Last week we learned that trade talks with China are back on. The news of further negotiations was well received by the markets, but there is still a long way to go before the two sides reach an agreement. The protracted conflict is clearly damaging worldwide economic growth, and will continue to do so until a trade deal is achieved. With Q3 winding down, analysts are trying to compute how slowing growth will impact corporate earnings. Reduced earnings are likely and stocks tend to adjust quickly on that type of news.

Great Britain has until October 31st before the current deadline for leaving the European Union. All the Brexit drama boils down to the fact that the British cannot stomach the Brexit terms set forth by the EU, but know that a “no-deal” Brexit could have calamitous effects. Elections could be coming soon and, if they occur, will be tantamount to another referendum on whether the UK still wants Brexit. Brute force politics are on display in the UK.

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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.

Have a great week,

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