



# Weekly Market Review

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## The Week Ending January 26, 2019

The longest government shutdown in our country's history is over, and federal workers are back to work this morning (at least for now). The temporary deal reached between President Trump and congressional leaders will only last for three weeks before another deal will be needed to keep the government open. The media is reporting that Trump has lost both political and the public's support on keeping the government closed as a negotiating tactic for the funding of a border wall. So, conventional wisdom would tell you that there is no way he would let the government shut-down again come February 15th when the temporary deal expires; however, only time will tell.



Equity markets finished last week about flat on a mix of both positive and negative economic data. On the negative side, the theme of slowing economic growth outside of the United States continues. China's economy is still expanding at a tremendous rate, but that rate is slowing. GDP growth was reduced by 0.1% to 6.4% for the fourth quarter of 2018. While not a huge change, China is the world's second-largest economy only behind the U.S., so investors watch these numbers closely. Germany, the world's fourth-largest economy, is also experiencing slowing growth. Germany's Chambers of Industry and Commerce cut their 2018 forecast from 2.2% to 1.8% and predicted a slowdown to 1.7% for 2019. Pressure mounting from friction in global trade (aka, trade wars) and uncertainty within the EU related to Brexit and, more generally, the rise of populism has international investors feeling anxious about the future.

We saw good news from the U.S. labor market last week. Monthly jobless claims fell to the lowest number since 1969. Unemployment is at 4% which is likely very close to being considered "full employment." Wages, albeit slowly, are going up for U.S. workers. Also, U.S. companies are coming off a year of very strong earnings due to, at least in part, Trump's corporate tax cuts. As we move further into 2019, investors will be watching those earnings closely to see if those tax cuts will have a lasting effect on growth. Right now, it is too early to tell.



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