



Weekly Market Review

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The Week Ending February 2, 2019

After closing out a challenging 2018 in the markets, equities opened the new year with new found optimism. The positivity continued last week with the S&P 500 up 1.6% for the week and is up 8.1% for the year. A welcome start to 2019 indeed.

Fed officials met and voted to hold rates steady last Wednesday, which surprised no one. What was surprising, however, were the especially dovish remarks that followed. The statement indicated that the Fed will be in a holding pattern and will wait and see what happens in the economy before making future adjustments in monetary policy. The Fed went as far as saying the next move could either be a hike or a cut. They also indicated they would likely maintain a much higher balance sheet than initially planned. This eased the market's worries that the Fed will overtighten and potentially cause a recession.



The U.S. job market continues to look very good. With 304,000 new jobs were added in the month of January. December jobs number were revised downward from 312,000 to 222,000 but still easily surpassed expectations. Over the last three months, the U.S. economy added 720,000 jobs which is a remarkable run. Unemployment remains at multi-decade lows, and wage growth continues to tick higher at a moderate pace painting the picture for a strengthening U.S. economy.

U.S./China trade talks continued this past week with officials from both countries meeting in Washington. While no significant breakthroughs occurred, the table has been set for a meeting later this month between President Trump and President Xi. It's too early to tell what Trump's strategy for this meeting may be. However, investors will no doubt be checking their Twitter feeds in the weeks leading up to it for clues.



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