



THE WEEK IN REVIEW

The thirteenth round of trade negotiations between the U.S. and China began this Thursday in Washington, marking the first discussions since July. Equities moved lower early in the week as optimism for a trade agreement dimmed ahead of the meeting. Hope for trade talk progress was renewed later in the week after reports surfaced indicating China would be open to making a partial trade deal coupled with President Trump's upbeat comments on the talks. This helped equities reverse course on Wednesday and rally 2.6% through the end of the week. The bond market also reflected renewed hopes for a trade agreement, as yields on the U.S. 10-year Treasury bond rose 0.2% this week. Bank stocks reacted strongly to higher interest rates and a steeper yield curve, helping push the S&P 500 Banks index 1.6% higher on Friday.

The trade talks concluded late Friday afternoon with President Trump announcing they reached "phase one" of a trade deal. This phase of the deal includes agreements on China purchasing U.S. agricultural products and making changes to rules around its currency. As a result of the deal, the U.S. will not implement increased tariffs originally planned for next week. Phase two of the deal will be negotiated after phase one is written and signed.

Minutes from the Federal Reserve's September meeting showed officials are worried the 18-month long U.S.-China trade war could weaken consumer spending, which has been the primary driver of domestic economic growth in recent quarters. Officials discussed the risk of reduced business investment curtailing hiring and leading to softer consumer spending. The minutes also showed officials debated how to signal their future plans for interest rate actions to better align market expectations with those of policymakers.

Oil prices jumped over 2.0% Friday morning in response to reports an Iranian oil tanker was hit with two rockets as the vessel traveled through the Red Sea off the coast of Saudi Arabia. The incident occurred amid heightened tensions in the region including an attack of two oil production facilities in Saudi Arabia on September 14 which forced the country to temporarily cease 50% of its oil production. Oil prices stabilized later on Friday after the International Energy Agency's (IEA) monthly report included reduced estimates for global oil demand in 2019 and 2020. The IEA cited weaker global growth as the reason for their lower forecast. The IEA report also said the attacked Saudi oil facilities swiftly restored the lost output and have returned to "business as usual."

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Core Consumer Price Index (YoY)	2.4%	2.1%	▲
U. of Mich. Consumer Sentiment	96.0	98.4	▼
Producer Price Index (YoY)	1.4%	1.7%	▼
JOLTS Job Openings (Millions)	7.05	7.38	▼
NFIB Small Business Optimism	101.8	103.3	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26816.59	0.91%	14.96%	7.04%
NASDAQ	8057.04	0.93%	21.43%	9.93%
S&P 500	2970.27	0.62%	18.49%	8.87%
MSCI EAFE	1862.39	0.43%	8.29%	0.60%
Bbg Barclays Aggregate US	2222.81	-0.68%	8.61%	10.89%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.66%	1.94%	2.26%
10-Year Treasury	1.73%	1.74%	3.15%

REPORTS DUE NEXT WEEK	LATEST
Retail Sales (Less Autos YoY)	3.5%
Housing Starts (Millions Annualized)	1.364
Building Permits (Millions Annualized)	1.425
Leading Economic Indicators (YoY)	1.1%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.