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Weekly Insight

November 14, 2018

Stocks continue to fall as the market grapples with slowing global growth. The S&P 500 Index was down 3.7% for the week while oil was down over \$4/bbl to \$56.25. Crude prices remain in a bear market that began when prices hit a high of \$76.31 on October 4. The International Energy Agency quarterly report highlighted soaring supply from inside and outside OPEC, which has offset losses from Venezuela and from the U.S. sanctions on Iran, and lowered projected demand due to slowing growth. Interest rates have finally begun to follow stocks, with the 10-year U.S. Treasury falling 0.13%.

Theresa May finally struck a deal with Brussels for Britain's exit from the European Union (EU). After selling her plan to her cabinet last week, she must now sell it to Parliament. However, her plan was thrown into doubt this morning after she suffered several resignations, including two cabinet members, over concerns the proposed deal does not reflect promises made. The major sticking points involve the border between Northern Ireland, which is part of the U.K., and the Republic of Ireland. May agreed the entire U.K. will remain within the EU customs union unless some other trade deal is struck. Brexit hardliners argue this prevents Britain from negotiating its own trade deals unless it can first negotiate a new trade agreement with Brussels. They are correct. However, this arrangement appears to be the best option available at this point and thus may be the only way Britain leaves the EU without crashing out. Despite offering no other options, some in her party are agitating for a no-confidence vote in her leadership, which could lead to a hard Brexit this late in the game.

Rome did not make substantive changes to its second budget submission this week, so the standoff with the EU continues. The country's top five banks agreed to inject an incremental €2.75B into the deposit guarantee fund to protect weaker firms in case of additional market turmoil, and sovereign bond yields continue to rise. The EU will publish its view on the budget next week.

Negotiations between the United States and China appear to be moving forward as Chinese officials delivered a written response to the administration on potential trade concessions. A meeting between the two at the upcoming G20 summit has been confirmed, which has the potential to pause the escalation in the ongoing trade war. However, fundamental disagreements remain between the two countries.

Weekly Market Topics

- Economy
- Fixed Income Markets
- Equity Markets

All data is as of the above referenced date.

Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper bound)	2.25	1.25	0.25
3-Month T-Bill	2.37	1.24	0.12
10-Year Treasury	3.13	2.32	2.27
30-Year Treasury	3.37	2.76	3.05
10-Year Corporate AA	3.97	3.19	3.47
10-Year High Yield Corp.	6.65	5.43	6.36

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,210.88	1,278.14	1,083.91
Oil (WTI, \$/barrel)	56.25	54.25	54.49

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	96.80	93.81	99.00
USD/EUR	0.88	0.85	0.93
USD/JPY	113.63	112.88	122.61

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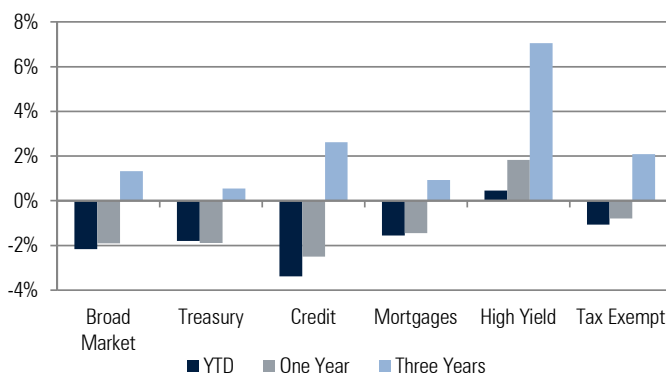
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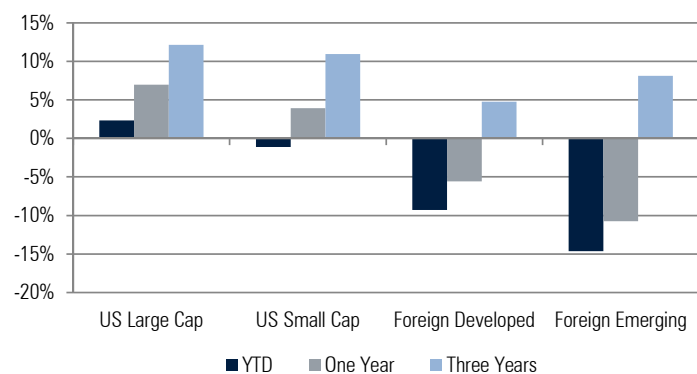
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Bond Market Total Returns



Equity Market Total Returns



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.

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