

President Trump rattled markets this week after backpedaling on his announcement following the G-20 summit meeting in Argentina with Chinese President Xi. Markets were buoyed Monday by Trump's initial tweets that Xi had agreed to "reduce and remove" auto and agricultural tariffs. By Tuesday, however, it became clear that Trump had overstated the agreement as his claims were not confirmed by his own administration or the Chinese government. Equities tanked with the Dow falling nearly 800 points as markets refocused on weak global growth. The equity decline extended Thursday (after Wednesday's market holiday for a national day of mourning) on the arrest of the CFO of Chinese tech company Huawei. Meng Wanzhou was arrested in Canada on suspicion of violating U.S. sanctions against Iran. Her arrest will further strain relations between the United States and China, making it more difficult to reach a deal on tariffs.

The Treasury curve finally inverted this week on the heels of a dovish shift in the rhetoric of some Federal Reserve governors. Neel Kashkari, Richard Clarida, and John Williams spoke recently and reflected concern about causing recession or contemplation about allowing more late-cycle inflation. The discussion is pertinent as the five-year Treasury ended Monday roughly 0.01% below the two-year Treasury for the first time since 2007. This in part reflects falling inflation expectations and falling oil prices. However, Friday's labor report is expected to show a monthly increase in average hourly earnings from 0.2% to 0.3%. Should this number surprise to the upside, the Fed's resolve might be tested.

On December 11, the Members of Parliament in the House of Commons will vote on Brexit. Prime Minister May negotiated the final terms with the European Union (EU) and has been campaigning across Britain to garner the necessary votes. However, it appears unlikely the deal will pass as her minority party does not have the support of Northern Ireland's Democratic Unionist Party. Some will vote against it as they believe it aligns the country too closely with the EU, and others are concerned it will separate the island of Ireland from the mainland. If the Members of Parliament back the deal, it moves to the House of Commons for the official vote before moving to the House of Lords. However, if the government cannot find support, there are several potential outcomes including a "hard Brexit" by the March 29 deadline.

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	2.41	1.28	0.21
10-Year Treasury	2.91	2.34	2.27
30-Year Treasury	3.17	2.73	3.01
10-Year Corporate AA	3.91	3.16	3.46
10-Year High Yield Corp.	#N/A N/A	5.27	6.30

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,237.29	1,263.37	1,086.44
Oil (WTI, \$/barrel)	52.89	54.20	53.94

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	97.07	93.61	98.35
USD/EUR	0.88	0.85	0.92
USD/JPY	113.19	112.29	123.11

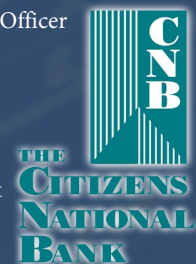
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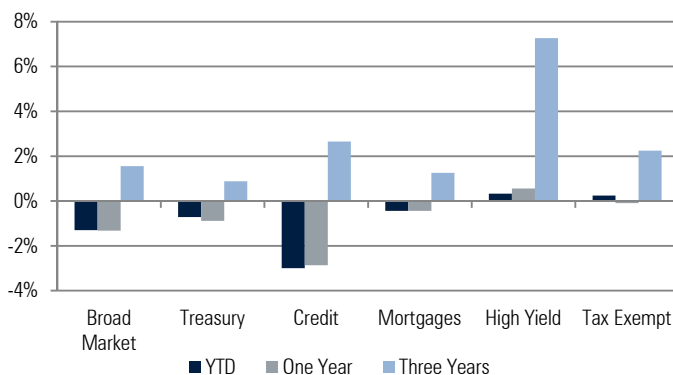
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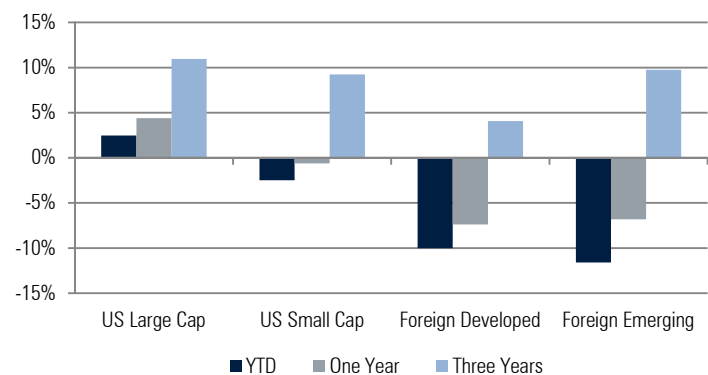
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Bond Market Total Returns



Equity Market Total Returns



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

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