

Stocks had their biggest one-day rally since 2009 on Wednesday with the S&P 500 rising nearly 5% after falling to new lows the prior day. Oil also jumped with West Texas Intermediate rising over 8%. Signs the Fed Chair's job is safe after Friday's report that Trump asked about firing him pushed stocks and oil higher. News that a U.S. trade delegation will travel to Beijing the week of January 7, 2019, extended the gains as the meeting will be the first face-to-face discussion since the G-20 summit in Argentina. However, expectations for the meeting are limited as Cabinet-level officials have not met despite the expiration of the first half of the 90-day period set at the summit.

The government shutdown that started on Friday may have more impact on sentiment than the economy, depending on how long it lasts. President Trump continues to warn the shutdown could be prolonged as he digs in his heels over border wall funding. The 1995 shutdown lasted 27 days and shaved 0.40% from GDP growth, while the 2013 shutdown lasted 16 days and shaved 0.10% from GDP, but those were complete shutdowns including most facets of government. The current shutdown only affects nine of 15 federal departments, which represent less than a quarter of federal spending. Given the current level of uncertainty, the willingness of President Trump to shutter the government over a wall for which Mexico was supposed to pay could have a lasting impact on sentiment going forward, even if it is resolved relatively soon.

Recent economic data included something for everyone. The final read on third-quarter GDP was solid at 3.4%, and November personal spending was good at 0.4%. But durable goods orders, the most forward-looking leading indicator of the week, posted a much weaker 0.8% against expectations of 1.6%. And while core PCE rose from 1.8% to 1.9%, this was expected on the heels of last November that was unusually weak. Core PCE is expected to tick back down in December, which highlights the concerns about the Fed's announcement last week. If the Fed really has a symmetrical 2% inflation target, it seems it should be pausing in its rate hike campaign if inflation is headed down from the 2% level. Instead, the market worries the Fed is behaving as if 2% is the ceiling.

## 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)	2.50	1.50	0.50
3-Month T-Bill	2.43	1.43	0.20
10-Year Treasury	2.81	2.41	2.24
30-Year Treasury	3.06	2.75	2.96
10-Year Corporate AA	3.84	3.25	3.46
10-Year High Yield Corp.	7.15	5.37	6.28

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,267.14	1,287.18	#N/A N/A
Oil (WTI, \$/barrel)	46.22	56.96	51.01

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	97.05	93.03	97.98
USD/EUR	0.88	0.84	0.91
USD/JPY	111.37	113.35	120.33

### For more information, contact:

**Amy DeGraff**

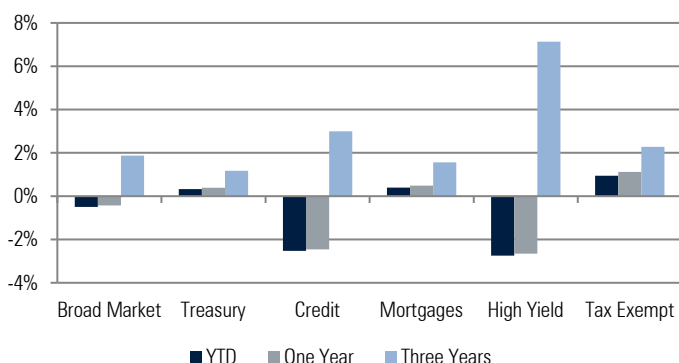
Vice President | Trust Officer  
Wealth Management  
amyd@thecnb.bank  
(785) 275-5000

**Kevin Ukens**

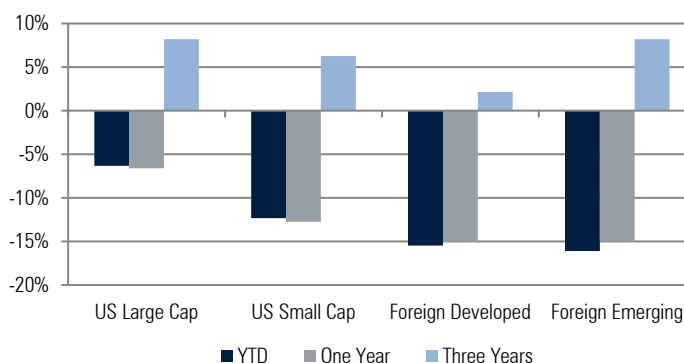
Wealth Management  
kevinu@thecnb.bank  
(785) 275-5000



**Bond Market Total Returns**



**Equity Market Total Returns**



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

The information provided has been obtained from sources deemed reliable, but BTC Capital Management and its affiliates cannot guarantee accuracy. Past performance is not a guarantee of future returns. Performance over periods exceeding 12 months has been annualized.

The information within this document is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Statements in this report are based on the views of BTC Capital Management and on information available at the time this report was prepared. Rates are subject to change based on market and/or other conditions without notice. This commentary contains no investment recommendations and you should not interpret the statements in this report as investment, tax, legal, and/or financial planning advice. All investments involve risk, including the possible loss of principal. Investments are not FDIC insured and may lose value.