

Global Growth Concerns and Trade Tensions Lead to Volatility

- Following the FOMC decision to cut rates by 25 basis points the week prior, trade tensions escalated between the U.S. and China sending markets into a frenzy. The U.S. announced that an additional 10% of tariffs would be applied to \$300 billion of Chinese goods and China responded by allowing the Yuan to fall to its weakest level in over a decade. The escalation of the trade tensions along with the on-going concern for global growth saw a strong influence on market yields. The 10Y U.S. Treasury yield fell to as low as 1.61%, the lowest level since the 2016 Brexit announcement.
- Despite the increasing trade tensions, multiple Fed officials maintained the position the Fed is still in “monitoring” mode in public addresses this past week. St. Louis Fed President Bullard stated that following the 25 basis point cut in July interest rates are “in the right neighborhood” and it would be very difficult to “reasonably react to the day-to-day, give-and-take of trade negotiations.” While the recent fedspeak shows that officials are open to the idea of accommodation in upcoming meetings, committee members are also trying to avoid being oversensitive to any one factor in their decision making.
- The weekly jobless claims series continued to report strongly as they dropped from 217k to 209k. The four-week average remains at 212k, which is lowest average of the past three quarters. Following a solid July employment report, the timely jobless claims series continues to suggest that there has been limited weakening in the labor market.
- In addition to jobless claims, the JOLTS series continued to report strongly as well. With the job openings rate remaining high at 4.6% and the hires rate holding at 3.8%, the employment market continue to remain active.
- This week the market will continue to watch for any developments on the trade front, as well as retail sales numbers and inflation indications from CPI.

	Today	1 Week Ago	1 Month Ago	1 Year Ago	10Y Avg	20Y Avg	All Time Low
1M LIBOR	2.20%	2.22%	2.33%	2.06%	0.65%	2.00%	0.15%
3M LIBOR	2.18%	2.21%	2.32%	2.31%	0.79%	2.14%	0.22%
3Y UST	1.53%	1.53%	1.83%	2.69%	1.17%	2.41%	0.28%
5Y UST	1.52%	1.52%	1.87%	2.75%	1.67%	2.85%	0.54%
10Y UST	1.68%	1.71%	2.12%	2.88%	2.46%	3.50%	1.36%

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