

### May finds economic uncertainty at home and abroad

Trade tensions reached a new pitch Friday when the Trump administration announced a 25% tariff on all exports from Mexico by October, shares Washington Policy Analyst Ed Mills. Further, China released a white paper over the weekend that Mills and his team view as a signal toward a prolonged U.S.-China trade war. This follows President Trump raising the 10% tariff on \$200 billion in Chinese goods to 25% and his threats to impose further tariffs on an additional \$300 billion or so in Chinese goods, explains Raymond James Chief Economist Scott Brown. It doesn't appear that trade tensions will abate soon, he adds, as the U.S. has begun to restrict access for specific companies, such as Huawei, while China has threatened to cut off access to its market for rare earth minerals. These are critical to the production of technology goods, and China controls 80% of the world's supply.

Eyes will be on the G-20 meeting at the end of June to further U.S.-China trade negotiations. However, Mills and his team believe it's possible that a coinciding meeting between Presidents Trump and Xi will not take place, which could increase the chances that the additional proposed tariffs would go into effect. Some Federal Reserve (Fed) officials have concerns about the effects of tariffs on inflation; however, that should be temporary, says Brown. He thinks the drag on overall economic growth will be more significant.

Brown says the Fed has sent a clear signal that it will be patient in deciding its next policy move. The federal funds futures market is pricing in a strong chance of one or more interest rate cuts by the end of the year, he adds. Mills points to significant movement on key domestic issues such as increasing federal budget spending and ratifying the United States-Mexico-Canada Agreement as potential market positives. He thinks checking these items off their to-do list would be a win for the Trump administration that could strengthen the U.S. position in trade negotiations.

Following recent volatility, the month ended negatively for the Dow Jones Industrial Average, NASDAQ, S&P 500 and the Russell 2000 Index.

	12/31/18 Close	5/31/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	24,815.04	+1,487.58	+6.38%
NASDAQ	6,635.28	7,453.15	+817.87	+12.33%
S&P 500	2,506.85	2,752.06	+245.21	+9.78%
MSCI EAFE	1,719.94	1,825.98	+106.04	+6.17%
Russell 2000	1,348.56	1,465.49	+116.93	+8.67%
Bloomberg Barclays Aggregate Bond	2,046.60	2,135.92	+89.32	+4.36%

Performance reflects price returns as of 4:30 ET on May 31, 2019

Should anything change, I'll be sure to keep you updated on anything that could affect your long-term financial plan. Thank you for your trust in me.

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