

While global growth slows, the Fed offers a boost

In a highly anticipated move, the Federal Reserve (the Fed) lowered short-term interest rates by 0.25% at Wednesday's policy meeting and left the door open for future cuts, shares Raymond James Chief Investment Officer Larry Adam. The mid-cycle adjustment was taken to insure against the downside risks surrounding trade policy, to offset the impact of slower global growth and to move inflation toward the Fed's goal, reports Raymond James Chief Economist Scott Brown. U.S. growth should still advance at a moderate pace in the second half of 2019, although slower than in recent quarters, says Brown.

As trade disputes continue, Washington Policy Analyst Ed Mills believes President Trump may threaten to devalue the U.S. dollar in an attempt to enhance its competitiveness relative to other currencies, particularly the yuan and euro. His decision will likely be influenced by the direction of trade negotiations with China and the European Union, any easing by the European Central Bank (ECB), as well as the Fed's rate policy decisions through the end of the year, explains Mills.

The S&P 500 is off to its best start to the year since 1996, shares Adam, and all major indices (i.e., Dow Jones Industrials, S&P 500, NASDAQ) reached new record highs in July. Primary catalysts for the recent positive momentum have been a better than expected earnings season and dovish global central bank policy.

The month ended positively for the S&P 500 (1.31%), Dow Jones Industrial Average (+0.99%), NASDAQ (+2.11%) and the Russell 2000 Index (+0.51%).

	12/31/18 Close	7/31/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	26,864.27	+3,536.81	+15.16%
NASDAQ	6,635.28	8,175.42	+1,540.14	+23.21%
S&P 500	2,506.85	2,980.38	+473.53	+18.89%
MSCI EAFE	1,719.94	1,899.97	+180.03	+10.47%
Russell 2000	1,348.56	1,574.61	+226.05	+16.76%
Bloomberg Barclays Aggregate Bond	2,046.60	2,173.33	+126.73	+6.19%

Performance reflects price returns as of 4:00 p.m. ET on July 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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