

Markets struggle among geopolitical tensions

The trade war continued in its back-and-forth fashion this month, and Washington Policy Analyst Ed Mills expects the escalation to extend volatility through the 2020 election. With an increase to 30% tariffs on \$250 billion of Chinese goods slated for October 1, there is mounting urgency surrounding the next round of negotiations. Chief Economist Scott Brown notes that tariffs raise costs for U.S. consumers and businesses, invite retaliation against U.S. exports, disrupt supply chains and undermine business investment.

Lower short-term interest rates and an increasingly inverted yield curve have caught the attention of market observers. The Federal Reserve (Fed) lowered short-term interest rates by 25 basis points on July 31, and the central bank is expected to lower them further at the September policy meeting in light of continued trade and geopolitical tensions.

The S&P 500 was down by 1.81% this month and saw its second 5% pullback of the year. The month also ended negatively for the Dow Jones Industrial Average (-1.72%), NASDAQ (-2.60%) and the Russell 2000 Index (-5.07%).

	12/31/18 Close	8/30/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	26,403.28	+3,075.82	+13.19%
NASDAQ	6,635.28	7,962.88	+1,327.6	+20.01%
S&P 500	2,506.85	2,926.46	+419.61	+16.74%
MSCI EAFE	1,719.94	1,831.36	+111.42	+6.48%
Russell 2000	1,348.56	1,494.84	+146.28	+10.85%
Bloomberg Barclays Aggregate Bond	2,046.60	2,230.85	+184.25	+9.0%

Performance reflects price returns as of 4:00 p.m. ET on August 30, 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.

Sincerely,

Amy Smith Harper, CFP®
Financial Advisor, RJFS

Securities Offered Through Raymond James Financial Services, Inc., Member FINRA/SIPC
Investment Advisory Services offered through Raymond James Financial Service Advisors, Inc.

Dermann & Smith Personal Wealth Management is not a registered broker/dealer and
is independent of Raymond James Financial Services.