

RESOURCE LOG – September 2019

Article Title	Detail	Publication	Date	Author
Trade Conflict's Global Impact Grows	<p>The escalating trade war between the U.S. and China is ripping through the global economy, hurting confidence among U.S. small businesses, crimping trade among industrial giants in Asia and hitting export-oriented factories in Europe.</p> <p>On Sunday the U.S. imposed fresh tariffs of 15% on Chinese goods including clothing, tools and electronics. A round of retaliatory Chinese tariffs also took effect, targeting imports of U.S. soybeans, crude oil and pharmaceuticals.</p>	The Wall Street Journal	09/03/2019	Ruth Simon, Megumi Fujikawa and Paul Hannon
Bonds' Big Swings Amped Up By Market Strategy	<p>Long-term bonds have been on a tear in recent weeks with yields tumbling enough to heighten fears of a possible recession ahead.</p> <p>That's because part of the recent fall in bond yields – which drives bond prices higher – has been caused by banks, insurers and other investors essentially buying on auto-pilot, scooping up more bonds because that's what their pre-existing risk models and investment-hedging strategies tell them to do.</p> <p>The strong rally in long bonds such as the 10-year U.S. Treasury note and the 30-year bond has made them among the best performing assets of any market in the world this year.</p> <p>They also caused dreaded inversions in the U.S....</p> <p>...the 10-year yield falls below the two-year yield , a warning that a recession may be around the corner.</p>	The Wall Street Journal	09/03/2019	Paul J. Davies
Europe Indexes Rise as Worries Linger	<p>Global stocks rose after manufacturing data in both China and Europe showed modest improvement, but economic growth concerns remained.</p> <p>The broader rises in Europe came as data showed a modest uptick in the region's manufacturing sector.</p> <p>Still, investors and analysts remained concerned about the region's growth prospects, which have been buffeted by the threat of a no-deal Brexit and the U.S.-China trade fight.</p> <p>Investors also had to reckon with an escalation in the U.S.-China trade dispute after both sides went ahead with a new round of tariffs on each other's goods over the weekend.</p> <p>The euro hit a two-year low against the dollar after slipping last week as weak economic data raised expectations that the European Central Bank would move to ease monetary policy.</p>	The Wall Street Journal	09/03/2019	Will Horner
History can hold hints for economy	<p>The next recession – whenever that is – will be run-of-the-mill, economists expect. But for many people, their only or closest experience of a downturn was one for the record books: the Great Recession of 2007-09.</p>	USA Today	09/03/2019	Janna Herron

	<p>But that was atypical, and economists expect the next recession to be less severe and shorter because household debt is in better shape and banks are on solid footing.</p> <p>Some economists, though, think one could hit in 2020.</p>			
Briefing	<p>► India factory gloom raises heat on Modi - The purchasing managers' index has fallen to its lowest in 15 months, raising pressure on the prime minister for greater stimulus. The figures follow a steep fall in sales reported by carmakers.</p>	Financial Times	09/03/2019	
Investors pump \$5bn into gold as rising global risks fuel 'fear trade'	<p>Holdings in gold-backed exchange traded funds surged to their highest level in six years last month, as investors ploughed almost \$5bn into the metal as part of a "fear Trade" responding to mounting political risks.</p> <p>Gold rose 8 per cent in August as markets reacted to President Donald Trump's decision to impose further U.S. tariffs on China. The price this year is up 19 per cent to \$1,525 per troy ounce.</p>	Financial Times	09/03/2019	Henry Sanderson
<p>Investors braced for prospect of U.S. yields heading below zero</p> <p><i>Once-unthinkable German or Japanese-type bond scenario is being seriously contemplated</i></p>	<p>Some U.S. investors are girding themselves for the once-inconceivable prospect that the 10-year Treasury yield could be headed towards zero as this year's giant rally in bonds shows few signs of easing.</p> <p>In a world awash with roughly \$17tn of negative-yielding government debt – meaning buyers are guaranteed to get back less than they paid, via interest and principal, if they hold to maturity – America's government bond market has long offered refuge to investors seeking higher returns.</p> <p>German government bonds maturing in 10 years now yield minus 0.70 per cent while Japan's 10-year debt yields minus 0.27 per cent. In that context, the 1.5 per cent yield on the 10-year Treasury looks attractive.</p> <p>"We could see zero", said Nick Maroutsos, the co-head of global bonds at Janus Henderson in Newport Beach, California, noting that any sell-off in bonds so far, causing yields to rise, has been met with immediate buying. "The probability is increasing, particularly as we drop so rapidly.</p> <p>For one thing, he points out the policy likely to turbocharge the move downwards – negative short-term interest rates from the U.S. Federal Reserve – seems a very remote prospect.</p> <p>In the face of gloomy global growth and the U.S.-China trade dispute, both the ECB and Bank of Japan have signaled a willingness to lean more heavily on this negative rate policy.</p> <p>Traders are currently pricing in an over 90 per cent chance the Fed cuts its benchmark interest rate a quarter-point at its upcoming meeting in September.</p>	Financial Times	09/03/2019	Colby Smith
What's News	<p>♦ The dollar touched its highest level in more than two years amid a gloomy growth outlook and trade and political pressures.</p>	The Wall Street Journal	09/04/2019	

What's News	♦ U.S. stocks and government-bond yields slumped, with the Dow off 1.1% and the yield on the 10-year Treasury note falling to 1.469%.	The Wall Street Journal	09/04/2019	
U. S. Manufacturing Joins Global Retreat	<p>The U.S. manufacturing industry shrank for the first time in three years last month, the latest sign that a global manufacturing pullback is weighing on the U.S. economy amid rising trade tensions between Washington and Beijing.</p> <p>U.S. stocks and government bond yields fell on the report.</p> <p>The report coming after data pointing to contracting factory activity in the U.K., Germany, Japan and South Korea-fueled fears that a manufacturing slowdown elsewhere in the world had reached the U.S.</p>	The Wall Street Journal	09/04/2019	Sarah Chaney and Andrew Restuccia
What's News	♦ U.S. stocks rose following rallies in global markets. The Nasdaq gained 1.3% and the S&P 500 and Dow advanced 1.1% and 0.9%, respectively.	The Wall Street Journal	09/05/2019	
Fed Looks To Trim Rates by A Quarter Point <i>Officials fear trade dispute with China could further threaten global growth outlook</i>	<p>Federal Reserve officials are gearing up to reduce interest rates at their next policy meeting in two weeks, most likely by a quarter-percentage point, as the trade war between the U.S. and China darkens the global economic outlook.</p> <p>The idea of an aggressive half-point cut to battle the slowdown hasn't gained much support inside the central bank, according to interview with officials and their speeches.</p>	The Wall Street Journal	09/06/2019	Nick Timiraos
Stocks Rally on Plan for Trade Talks	<p>U.S. stocks and government-bond yields lurched higher after the U.S. and China said they would hold talks in Washington in October, reigniting hopes for an eventual trade truce.</p> <p>"I think there's going to be a deal at some point" between U.S. and China, said Jim Paulsen, chief investment strategist at the Leuthold Group.</p> <p>The S&P 500 jumped 38.22 points, or 1.3%, to 2976.00, continuing its rally from Wednesday. The Dow Jones Industrial Average gained 372.68 points, or 1.4%, to 26728.15. The Nasdaq Composite added 139.95 points, or 1.8%, to 8116.83.</p>	The Wall Street Journal	09/06/2019	Gunjan Banerji and Caitlin Ostroff
What's News	♦ U.S. employment grew only modestly in August, suggesting that a global economic slowdown isn't driving the U.S. into recession but has dented growth.	The Wall Street Journal	09/07-08/2019	
What's News	♦ China released billions of dollars to banks as authorities struggle to revive business sentiment in the face of the trade battle with the U.S.	The Wall Street Journal	09/07-08/2019	
What's News	♦ U.S. stocks finished the week higher as the jobs report underscored the delicate balance facing markets. The Dow rose 0.3% on Friday.	The Wall Street Journal	09/07-08/2019	
The Trade Uncertainty Principle <i>New evidence that tariff shocks have put economic gains at risk.</i>	<p>...two reports this week show the trade damage. Friday's labor-market report for August shows that job creation in the goods-producing economy has slowed to a trickle.</p> <p>This reflects declining demand for U.S. goods around the world due to slower growth abroad caused in part by Mr. Trump's protectionist shock to the global trading system.</p>	The Wall Street Journal	09/07-08/2019	Review & Outlook

	<p>The evidence for protectionist damage has been clear for months in corporate earnings reports and the declining pace of business investment, as CEOs cite policy uncertainty for being more cautious. And now comes statistical confirmation in a study released this week by Federal Reserve economists.</p> <p>The economists did a statistical analysis of ...</p> <p>...what they call “trade policy uncertainty” or TPU.</p> <p>“We find that the rise in TPU in the first half of 2018 accounts for a decline in the level of global GDP of about 0.8 percent by the first half of 2019:, the economists write.</p>			
Rising Global Debt Helps Keep Rates Low	<p>Global interest rates are low and may head lower, driven by slowing economies and the U.S.-China trade war.</p> <p>There is a direct connection between debt, interest rates and growth. Rising rates force consumers and businesses who take on adjustable-rate loans such as credit-card debt to pay more each month and reduce other spending. Even with fixed-rate loans, borrowers know they will have to pay higher rates to roll over the loans, so they start putting aside money that they would have otherwise spent.</p> <p>It doesn't take much for countries loaded down with debt to feel the strain.</p>	The Wall Street Journal	09/09/2019	Vipal Monga
Negative Yields Bring Positive Returns <i>Currency hedges help U.S. investors squeeze gains from bonds that look like losing bets</i>	<p>Who is buying the negative-yielding bonds that are swelling in number outside the U.S.? The surprising answer, in some cases, is U.S. investors.</p> <p>They are entering into complex strategies that generate a positive return even from negative-yielding debt. That is made possible by the unusually wide difference between positive U.S. interest rates and their negative European counterparts.</p> <p>There is more than \$16 trillion of bonds with negative yields world-wide, most of them sold in Europe...</p> <p>When professional investors purchase assets in a currency other than their own, they often use derivatives to protect against swings in foreign-exchange rates.</p>	The Wall Street Journal	09/09/2019	Daniel Kruger and Sam Goldfarb
What's News	<p>♦ U.S. manufacturers are investing less in their factories and workforces as the trade dispute with china makes it harder for executives to anticipate costs and demand.</p>	The Wall Street Journal	09/09/2019	
Corporate Bonds Draw Funds Exiting Stocks	<p>Some investors re shifting money from tocks into corporate bonds, a sign that concern about slower earnings growth isn't leading to worries about the ability of companies to pay back their debts.</p> <p>Investors tend to seek the stability of bonds when they are nervous about growth. But the additional yield, or spread, investors demand to hold junk-rated company debt instead of safe U.S. government bonds was recently 3.72 percentage points, its lowest level since July and below the average for this year...</p> <p>For investors, last month included numerous conflicting signals. Markets were jolted when President Trump unexpectedly announced additional tariffs on Chinese imports. Data on the manufacturing sector showed it contracted in August for the first time in</p>	The Wall Street Journal	09/11/2019	Daniel Kruger

	<p>years, though output in the service sector picked up. And the number of jobs created by the economy has declined for two consecutive months.</p> <p>Company default rates have remained lower than their long-term average, and analysts and investors said there appears to be little risk of a large increase should the economy enter a recession.</p>			
Strong Dollar Slams Overseas Currencies <i>Declines show how trade war and fears of slowdown are rippling through the markets</i>	<p>Currencies around the world are tumbling to multiyear lows against the dollar, as countries trying to keep their exports competitive fan the flames of a global trade war.</p> <p>The Chinese yuan recently hit its lowest level in more than a decade against the dollar, the euro dropped to a fresh two-year low and the British pound is at depths it hasn't consistently plumbed since the 1980s.</p> <p>Some emerging-market currencies such as the Colombian peso have fallen to their lowest prices on record against the dollar,...</p> <p>The declines highlight how fears of a global slowdown and a burgeoning trade dispute between the U.S. and China have converged to ripple through markets.</p> <p>As failing rates and slowing growth drove bond yields lower, investors headed to the U.S., where the economy is relatively strong and the payout on Treasuries stands far above that offered by many other government bonds.</p> <p>Many countries are benefiting from cheaper currencies, which tend to make exporters' products more competitive abroad and boost economic growth.</p> <p>A total of 14 central banks cut interest rates last month...</p> <p>Lower rates tend to weaken currencies by making them less attractive to yield-seeking investors.</p>	The Wall Street Journal	09/12/2019	Ira Iosebashvili
What's News	<p>◆ The Dow notched its sixth straight session of gains, rising 0.8% amid a rally among tech shares.</p>	The Wall Street Journal	09/12/2019	
	<p>DJIA 27137.04 ▲227.61 0.8% NASDAQ 8169.68 ▲1.1%</p>	The Wall Street Journal	09/12/2019	
U.S. Deficit Now Tops \$1 Trillion	<p>The U.S. budget gap widened to more than \$1 trillion in the first 11 months of the fiscal year, the Treasury Department said Thursday, the first time year-to-date deficits have topped that amount in seven years,.</p> <p>Higher spending on the military, rising interest expenses on government debt a weak revenue early in the fiscal year combined to push the deficit up 19% from October through August, compared with the year-earlier period.</p> <p>The last time the U.S recorded a budget gap of that magnitude in the first 11 months of the fiscal year was in August 2012, when the deficit totaled \$1.16 trillion...</p>	The Wall Street Journal	09/13/2019	Kate Davidson

	<p>A strong economy typically leads to narrower deficits, as rising household income and corporate profits help boost tax collections, while spending on safety-net programs such as unemployment insurance tends to decline.</p> <p>Senior Treasury officials attributed this year's higher deficit primarily to a surge in government spending, and emphasized that deferral revenues have climbed nearly 7% since May.</p>			
ECB Cuts Key Rate, Revives Bond Program <i>Central bank tries to spur flagging Europe economy, but some question if it will work</i>	<p>The European Central Bank cut its key interest rate and launched a sweeping package of bond purchases Thursday that lays the groundwork for a long period of ultra-loose monetary policy, jolting European financial markets and triggering an immediate response from President Trump.</p> <p>The ECB's pre-emptive move was aimed at insulating the eurozone's wobbling economy from a global slowdown and trade tensions.</p>	The Wall Street Journal	09/13/2019	Tom Fairless
What's News	♦ U.S. stocks rose after the ECB unveiled its stimulus efforts and U.S-China trade tensions showed signs of easing. The Dow gained 0.2%.	The Wall Street Journal	09/13/2019	
ECB Is Running Out of Options <i>Draghi's emphasis on fiscal policy acknowledges further monetary stimulus can do little for economy</i>	The European Central Bank wants to offset the impact that a China-led global economic slow-down is having on the eurozone. On Thursday, it lowered interest rates to a record-low minus 0.5%, announced new bond purchases and lowered the cost at which banks can draw long-term loans.	The Wall Street Journal	09/13/2019	Jon Sindreu
What's News	♦ U.S. stocks clinched a third straight week of gains and sit within a hair of their records.	The Wall Street Journal	09/14-15/2019	
Stocks Rise for Third Week In a Row	<p>U.S. stocks clinched a third consecutive week of gains and sit within a hair of their records...</p> <p>Major indexes have rebounded after a volatile August that rattled share prices and government-bond yields around the world.</p> <p>Investors continue to be preoccupied with the status of the trade talks, along with the prospect of looser monetary policy around the world.</p> <p>China on Friday said it wouldn't impose new tariffs on U.S. soybeans, pork and other agricultural goods.</p> <p>The Dow Jones Industrial Average rose 37.07 points, or 0.1%, to 27219.52 Friday...</p> <p>Concerns about slowing U.S. growth abated after data showed American shoppers spent strongly in August.</p>	The Wall Street Journal	09/14-15/2019	Gunjan Banerji and Avantika Chilkoti
Bond Yields climb on Easing Fears	Treasury yields posted their biggest weekly advance in more than six years, rising for five consecutive sessions after signs of a thaw in trade tensions eased fears about the direction of the economy.	The Wall Street Journal	09/14-15/2019	Daniel Kruger and Matt Wirz

	Yields climbed Friday after the commerce Department said that retail sales rose a better-than-expected 0.4% last month. That pushed yields on the benchmark 10-year Treasury note to a close of 1.901%, up from 1.789% Thursday.			
Bond Investors Turn Against Junk Debt <i>As stocks climb near records, some investors are edging away from riskier corners of the debt markets. That has dented returns and forced companies to cut pricing when issuing new debt.</i>	<p>Warning signals are starting to flash in the market for junk debt, indicating that investors are worried that companies with high debt loads could be at risk even if the U.S. economy avoids recession.</p> <p>Forecasting downturns in corporate debt has been tricky since the financial crisis. Central bankers have been reluctant to raise interest rates for fear of triggering a slowdown.</p> <p>Nevertheless, more bond specialists are trimming back high-yielding debt to protect against losses should the credit cycle again turn.</p>	The Wall Street Journal	09/16/2019	Matt Wirz
Supply Shock Sends Oil Prices Soaring	<p>The loss of nearly 6% of global oil output in weekend strikes in Saudi Arabia sent crude prices up sharply as officials said the kingdom was racing to restore about one-third of the disrupted production by day's end Monday.</p> <p>The supply shock sent U.S. oil futures up about 11% to \$60.98 a barrel late Sunday, Brent Crude, the global gauge of oil prices, rose 13% to \$68.13 a barrel.</p> <p>The damage from Saturday's attacks, a blow unlike any global oil supplies have seen since the first Gulf War, risks jolting energy markets and points to the still-pivotal role played by Saudi production.</p>	The Wall Street Journal	09/16/2019	Benoit Faucon, Summer Said and Amrith Ramkumar
Saudi Oil Attack Originated In Iran, U.S. Says	The attack sent Brent crude, the international benchmark for crude prices, soaring 15% to \$69.02 a barrel on Monday, the largest gain recorded in over three decades. Higher fuel prices pose another threat to the world economy amid a U.S.-China trade dispute, although Saudi and U.S. officials said they would ensure that the oil market remains well supplied.	The Wall Street Journal	09/17/2019	Dion Nissenbaum, Summer Said and Jared Malsin
Stock Fall, Ending Dow Streak	<p>The Dow Jones Industrial Average snapped an eight-session winning streak and haven assets rallied after a weekend attack on Saudi oil facilities sent crude prices surging.</p> <p>The blue-chip index shed 142.70 points, or 0.5%, to 27076.82. The S&P 500 lost 9.43 points, or 0.3%, to 2997.96, as nine of the 11 sectors in the index tumbled. The energy sector was among the only gainers, up 3.3%. The Nasdaq Composite dropped...</p>	The Wall Street Journal	09/17/2019	Caitlin Ostroff, Steven Russolillo and Jessica Menton
Oil Tumult Benefits Inflation Bonds	<p>U.S. government bonds that protect investors against inflation rallied Monday, powered by concerns that a surge in oil prices would raise consumer prices after an attack on the heart of Saudi Arabia's oil industry.</p> <p>The yield on the benchmark 10-year Treasury note also fell, ending a five-session streak of increases, settling at 1.843%, from 1.901% Friday.</p>	The Wall Street Journal	09/17/2019	Daniel Kruger

	TIPS tend to be sensitive to oil prices, which make up a large component of measures of inflation, and investors tend to buy safe government bonds when they expect slower growth, which typically leads to slower price increases.			
Stocks Rise as Oil Prices Retreat	<p>U.S. stocks ticked up as oil prices retreated from a historic gain and investors looked ahead to an expected Federal Reserve interest rate cut.</p> <p>The blue-chip index gained 33.98 points, or 0.1%, to 27110.80. The S&P 500 added 7.74 points, or 0.3%, to 3005.70, as nine of 11 sectors rose.</p>	The Wall Street Journal	09/18/2019	Karen Langley and Anna Isaac
What's News	♦ Saudi Arabia will soon restore most of its oil output and return to normal production levels in weeks, the country's energy ministry said. Crude prices posted declines on Tuesday.	The Wall Street Journal	09/18/2019	
Fed Steps In to Curb Soaring Short-Term Borrowing Costs	<p>For the first time in more than a decade, the Federal Reserve injected cash into money markets Tuesday to pull down interest rates and said it would do so again Wednesday after technical factors led to a sudden shortfall of cash.</p> <p>The pressures relate to shortages of funds banks face resulting from an increase in federal borrowing and the central bank's decision to shrink the size of its securities holdings in recent years. It reduced these holdings by not buying new ones when they matured, effectively taking money out of the financial system.</p> <p>The Fed seeks to keep the rate in a target range between 2% and 2.25%.</p>	The Wall Street Journal	09/18/2019	Nick Timoraos and Daniel Kruger
Fed Trims Rates as Officials Differ Over More Cuts <i>Central bank approves quarter-point reduction three officials dissent, a first in three years</i>	<p>The Federal Reserve cut its benchmark interest rate by a quarter percentage point for the second time in as many months to cushion the economy against a global slowdown amplified by the U.S.-China trade war.</p> <p>Fed Chairman Jerome Powell left the door open to additional cuts and repeatedly cited the costs of rising trade-policy uncertainty.</p> <p>U.S. stocks wobbled, then pared losses after the Fed's decision.</p>	The Wall Street Journal	09/19/2019	Nick Timiraos
Indexes Retreat as Trade Hopes Sour	<p>Major U.S. stock indexes broke a three-week winning streak, closing with a modest loss after a volatile stretch in the markets.</p> <p>The Dow Jones Industrial Average suffered a loss of about 1% for the week, which featured turmoil in money markets and dramatic swings in crude prices following an attack in oil facilities in Saudi Arabia.</p> <p>Still, both the Dow and the S&P 500 are within about 1.5% of their closing records from July.</p> <p>The blue-chip index fell 159.72 points, or 0.6%, to 26935.07. the S&P 500 dropped 14.72 points, or 0.5%, to 2992.07. The Nasdaq composite slumped 65.20 points, or 0.8%, to 8117.67.</p> <p>Investors snapped up assets seen as havens. The yield on U.S. 10-year Treasurys fell to 1.754% from 1.901% a week earlier...</p>	The Wall Street Journal	09/21-22/2019	Alexander Osipovich and Avantika Chilkoti

	<p>Gold prices rose 1.1% for the week.</p> <p>Meanwhile, Brent crude- the global oil benchmark – surged 6.7% this week to \$64.28 a barrel after days of major price swings.</p> <p>Much of investors’ focus earlier this week was whether the Fed – internally divided and under pressure from President Donald Trump – would continue to ease monetary policy and push stocks higher.</p>			
Crude Prices Cap Volatile Week	Oil prices went on a wild ride this week following attacks on Saudi oil facilities that took out more than half the country’s output. Brent crude futures, the global benchmark, fell slightly on Friday but still ended the week 6.7% higher.	The Wall Street Journal	09/21-22/2019	Tristan Wyatt
Cost Has Doubled	Through 08/31/19, the U.S. government has spent \$1.13 billion per day during fiscal year 2019 on interest payments related to our national debt. At the same point in time a decade ago during fiscal year 2009, the government was spending \$0.57 billion per day on interest payments (source: Treasury Department).	By the Numbers	09/23/2019	
Investors Feed Rally by Unloading Bets	<p>The yield on the 10-year Treasury note, which investors closely track because it helps set rates on everything from student debt to mortgages, is on course for its steepest one-month rise since January 2018. On Friday, the yield was 1.754%, compared with 1.469% at the start of the month.</p> <p>There are other moves rippling through markets that typically point to confidence among investors. The S&P 500 is up 19% for the year and stands 1.1% from its record.</p> <p>Historically, when bond yields and risky assets like stocks rose together, money managers bet that growth and inflation would pick up.</p>	The Wall Street Journal	09/23/2019	Akane Otani
Economic Worries Boost Gold Prices	<p>Gold prices rose after weak economic data from Europe raised new fears of a slow-down in global growth and pushed some investors toward assets considered safer.</p> <p>Front-month gold futures climbed 1.1% to \$1,523.70...</p> <p>Factors including political uncertainty and weak economic data were driving yields lower on Monday, helping haven commodities such as gold, said Tai Wong, head of base and precious metals derivatives trading at Bank of Montreal.</p>	The Wall Street Journal	09/24/2019	Sarah Toy
Trade Disputes Restrain Global Business	<p>Market readings on the eurozone separately showed signs that economic weakness was spreading to Germany’s services sector as manufacturing output declined due to weakening demand from the U.K., China, Turkey and elsewhere. Germany’s services sector has seen robust economic growth in recent quarters.</p> <p>That could turn a mild downturn into a deeper and more prolonged contraction, dragging down growth in other parts of Europe.</p> <p>“It feels like Europe’s economy and the German economy are suffering more than the U.S., even though the source of the angst around trade is U.S.-China Tensions,” said Amherst Pierpont Chief Economist Stephen Stanley.</p>	The Wall Street Journal	09/24/2019	Amara Omeokwe and Paul Hannon

	European Central Bank President Mario Draghi on Monday said the bank stands ready to cut interest rates again from current record-low levels, amid a “prolonged sag” in the eurozone economy that is starting to hurt jobs.			
Political Winds Take Stocks on a Wild Ride	<p>Tuesday marked one of the most volatile sessions for stocks in weeks, as worries spread that political uncertainty and a slowdown in economic activity will prevent major indexes from rising to new peaks.</p> <p>Weak consumer-confidence figures and downbeat manufacturing data around the world also contributed to Tuesday’s declines.</p> <p>As stocks swung Tuesday, investors favored the safety of bonds and gold, returning to the haven assets that have surged in recent months .</p> <p>The yield on the benchmark 10-year U.S. Treasury note logged its sixth drop in the past seven sessions.</p>	The Wall Street Journal	09/25/2019	Amrith Ramkumar
Investors Shift to Value Stocks in Retreat From Tech	<p>U.S. stocks’ September assault on record levels is prompting many investors to shift toward assets that have lagged behind in recent years, the latest bet that value strategies will regain favor.</p> <p>Value stocks, often defined as companies whose shares trade at a low multiple of their book value, or net worth, saw the largest divergence in performance from their growth-focused counterparts this decade, according to a Bank of American Merrill Lynch study that looked at the first half of September.</p> <p>Meanwhile, investors have pared positions in technology stocks...</p> <p>The moves are the latest sign of how a jumble of contradictory data has investors grappling with two divergent paths for the U.S. economy.</p>	The Wall Street Journal	09/26/2019	Ira Iosebashvili and Gunjan Banerji
Bottleneck Hurts Fed’s Effort To Tame Repo Loan Market	<p>Activity in the market for repurchase agreements, or repos, where banks and investors seek more than \$1 trillion in cash loans every day, has increasingly concentrated at large banks.</p> <p>When those banks hoard reserves, it can drive borrowing costs higher for smaller firms, according to a study by Fed economists published last year. The five largest banks hold more than 90% of the supply of total reserves and a more even distribution would help cushion against such shocks, the study found.</p> <p>That is one challenge confronting Fed officials as they try to get funds flowing through the financial system following last week’s surge in overnight interest rates, which climbed as high as 10%.</p>	The Wall Street Journal	09/27/2019	Daniel Kruger
U.S. Shale Boom Slows Down Amid Worries Over Oil Supply	<p>U.S. oil production increased by less than 1% during the first six months of the year, according to the Energy Department, down from nearly 7% growth over the same period last year.</p> <p>...the slowdown this year is driven partly by core operational issues, including wells producing less than expected after being drilled too close to one another, and sweet spots running out sooner than anticipated.</p>	The Wall Street Journal	09/30/2019	Christopher M. Matthews and Rebecca Elliott

	U.S. shale oil production now accounts for about 8 million barrels a day, or a bout 10% of oil world-wide, significantly boosting global supplies.			
Repo Market Turmoil Tests John Williams's N.Y. Fed <i>Some ask why the bank didn't act sooner, 'the Fed at its best,' he says</i>	<p>After years of calm, the New York Fed is tamping down as unexpected bout of turbulence in money markets that caught officials and investors off guard this month. A sudden shortage of cash caused interest rates to spike unexpectedly on very short-term loans banks make to each other overnight, called repurchase of "repo" agreements.</p> <p>The Fed's response, flooding the system with temporary funding, soothed markets. But some economists and financial analysts say the Fed was caught flat-footed and slow to respond to dysfunction that threatened to jam the transmission of central-bank policy decisions to the broader economy.</p>	The Wall Street Journal	09/30/2019	Nick Timiraos
Recession Sign Might Be on the Blink	<p>This signal is a bond-market phenomenon called an inverted yield curve, which means long-term government-bond yields are below short-term interest rates. Since the 1970s, it has appeared before every recession.</p> <p>Short-term rates are mostly under the control of the central bank, while long-term bond yields are driven by investors for tying up their money for more time...</p> <p>But when investors believe there's a recession coming, that relationship can flip.</p> <p>Every time the U.S. 10-year Treasury yield has sustained a drop below the three-month T-bill since the 1970s, a recession has followed.</p> <p>That's not all. The compensation investors receive for tying up their money in long-instead short-term bonds, is called the term premium. If investors see little risk of inflation climbing meaningfully in the future, they may accept a low or even negative term premium. That translates into lower bond yields and more frequent inversions of the yield curve.</p>	The Wall Street Journal	09/30/2019	Anna Isaac
	Last Week: DJIA 26820.25 ▼ 114.82 0.4% NASDAQ 7939.63 ▼ 2.2% STOXX 600 391.79 ▼ 0.3% 10-YR. TREASURY ▲ 22/32, yield 1.678% OIL \$55.91 ▼ \$2.18	The Wall Street Journal	09/30/2019	
Final Quarter Of The Year	Over the last 25 years (1994-2018), the S&P 500 stock index has gained an average of +4.3% (total return) over the final 3 months of the year (October, November, December). 19 of the last 25 fourth quarters (76%) have produced a positive total return gain. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).	By the Numbers	09/30/2019	
Disagreement	The Federal Reserve Board consists of the 7 members of the Fed's Board of Governors (which has 2 vacancies currently) and the presidents of the 12 regional Federal Reserve banks, i.e., there are 17 current members of the Federal Reserve Board. At the 9/18/19 Fed meeting where an interest rate cut was approved, 7 of the 17 supported an immediate rate cut and saw the need for an additional rate cut later in	By the Numbers	09/30/2019	

	2019, another 5 of the 17 supported an immediate rate cut but anticipated no further action during 2019, and the final 5 of the 17 did not support the most recent rate cut or any other reductions in 2019 (source: Federal Reserve).			

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