



Good morning!

It was the threat that sent a shiver through stock markets worldwide last week. The White House accused China of backpedaling on previous trade deal commitments, specifically language that was to be written in Chinese law that would strengthen the intellectual property rights of American firms. Last Friday (5/10/19), the United States acted on the threat and raised the tariff on 38% of the goods imported from China (estimated to be \$200 billion annually) from its current tariff level of 10% to 25%. American manufacturers that import product parts from China are in a difficult position – absorb the cost increase and reduce profits or pass onto its customers the price increase and potentially lose sales (source: BTN Research).

The S&P 500 has fallen in 6 of 8 trading days during the month of May, largely due to the US/China trade spat. From its all-time closing high of 2946 on 4/30/19, the S&P 500 has fallen 2.2% to its closing value of 2881 as of last Friday 5/10/19. During the index's bull run that started on 3/10/09, the S&P 500 has withstood 12 drops of at least 5%, including 6 drops of at least 10% and 3 drops of at least 15% (source: BTN Research).

The US government suffered a \$234 billion deficit in February 2019, the largest monthly deficit in history. But last month (April 2019), tax receipts climbed to \$536 billion (a monthly record for the United States), driving a \$160 billion surplus for the month. With only 5 months to go in fiscal year 2019, i.e., the 12 months ending 9/30/19, our country's fiscal year deficit is \$531 billion (source: Treasury Department).

Notable Numbers for the Week:

1. **MAYBE THEY WILL?** - The Fed Funds futures market is forecasting a **57% chance** of a **December 2019 rate cut** by the Federal Reserve as of the close of trading last Friday 5/10/19 (source: CME Group).
 2. **INTO THE TRASH CAN** - 61% of 600 **human resource managers** who were surveyed **do not review** the resumes of job applicants who are **lacking a 4-year college degree** (source: Harvard University).
 3. **NOT A PENNY** - 23% of working Americans **save nothing** from their monthly income for their **future retirement** (source: First National Bank of Omaha 2019 Savings Survey).
- IN THE RED NOW** - The **Social Security Trust Fund** paid out \$853.5 billion in 2018, more than the \$831.0 billion the fund produced in total income. The 2018 deficit breaks a streak of **34 consecutive years** (1984-2017) of "**income exceeding cost.**" As recently as 2009, the **annual surplus was \$134 billion** (source: OASI Trust Fund).

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