



Good morning!

Congress came close to yet another self-inflicted shutdown (it would have been our 4th in just the last 13 months), but a hard-fought compromise between Washington lawmakers finally provided a spending plan for fiscal year (FY) 2019. Most of the media attention has been directed at 2% of the \$61.6 billion allocated to the Department of Homeland Security (i.e., the \$1.375 billion earmarked for a border security wall), but 82% of the \$333 billion, 1,169-page bill detailed the FY 2019 spending approved for 8 other federal departments, including the State Department, Commerce Department and the Department of Housing and Urban Development (source: BTN Research).

The 2 economic superpowers in the world – the USA and China – have just 10 days to end the trade war that began 7 months ago in July 2018. Negotiators for both countries spent last week in Beijing and now have moved the talks to Washington D.C. this week. If the 2 countries don't come to an agreement by Friday 3/01/19 or agree to extend that deadline, US-imposed tariffs on \$200 billion of Chinese imports will more than double to 25% from 10% currently (source: BTN Research).

Retail spending nationwide (technically “Retail & food services” spending) fell 1.2% in December 2018 to \$506 billion, the largest month-over-month percentage drop in the USA since September 2009. But that unexpected report, suggesting that the American consumer may be backing up, failed to derail the US stock market. The S&P 500 is up +11.0% YTD (total return) through the first 7 weeks of 2019 (source: BTN Research).

Notable Numbers for the Week:

1. **COUNTRY IN CHAOS** - Venezuela has the **largest estimated oil reserves** in the world (301 billion barrels), nearly **8 times** the estimated reserves of the United States (39 billion) (source: World Atlas).
2. **THE RICHEST FIVE PERCENT** - The **top 5% of US taxpayers** in tax year 2016 (the latest year for which tax data has been released) made **at least \$197,651 of adjusted gross income (AGI)**, received **35% of all AGI** nationwide and **paid 58% of all the federal income tax** paid by Americans (source: IRS).
3. **BORROWING** - The US government has maintained **financial records** since 1789, i.e., **230 years**. From 1789 to 3/16/09 (**220 years**), our government created **\$11 trillion of debt**. From 3/16/09 to 2/11/19, i.e., the **last 10 years**, our government created **another \$11 trillion of debt**, reaching a **record \$22 trillion** (source: Treasury Department).
4. **EXPENSIVE EDUCATION** - Outstanding **student loan debt** in the USA was **\$1.46 trillion** as of 12/31/18, up +128% from **\$640 billion** as of 12/31/08 (source: Federal Reserve Bank of New York).

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