



THE RUDD COMPANY

INVESTMENT MANAGEMENT AND CONSULTING

# Weekly Economic Update

Week of March 25th, 2019

## THE WEEK ON WALL STREET

Friday, the yield of the 3-month Treasury bill exceeded the yield of the 10-year Treasury note for the first time in 12 years. For some analysts, this “inverted yield curve” may imply a short-term lessening of confidence. (Treasury yields move inversely to Treasury prices.)

As a result, the S&P 500 ended the week 0.94% lower. The Nasdaq Composite fell 0.80%, and the Dow Industrials lost 1.19%.

In contrast, the MSCI EAFE index following international stocks rose, gaining 0.52% for the week.

\*Any companies mentioned are for illustrative purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance.

### Weekly Tip

When a baby comes along, it can be hard to stick to a household budget. Rather than struggle to meet old goals, adjust the budget in light of new realities. Refrain from abandoning budgeting in the wake of the change.

### Weekly Quote

“Life engenders life. Energy creates energy. It is by spending oneself that one becomes rich.”

-SARAH BERNHARDT

### Weekly Riddle

Determine the numeral between 1 and 100 that is also nine times the sum of its digits.

LAST WEEK’S RIDDLE: Only one bachelor has served as President of the United States. Who was he?

ANSWER: James Buchanan.

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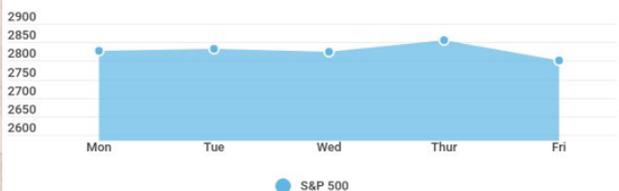
## FED SEES NO HIKES IN 2019

On Wednesday, the Federal Reserve held interest rates steady, but lowered its estimate of 2019 economic growth to 2.1%. Last December, the central bank forecast two rate hikes in 2019. It now expects to leave rates unchanged this year, with one quarter-point hike projected for 2020. This pivot may acknowledge a slight change in economic conditions. The Fed's latest policy statement noted that the "growth of economic activity has slowed from its solid rate in the fourth quarter."

## OIL HOVERS NEAR \$60

At Friday's closing bell, a barrel of West Texas Intermediate (NYMEX) crude oil was valued at \$58.85 on the New York Mercantile Exchange (NYMEX). Its value briefly climbed to \$60 earlier in the week. Month-over-month, the price of WTI crude has risen nearly 5%. Historically, higher oil prices can have a significant impact on retail gasoline prices.

Market Index	Close	Week	Y-T-D
DJIA	25,502.32	-1.19%	+9.32%
NASDAQ	7,642.67	-0.80%	+15.18%
MSCI-EAFE	1,900.10	+0.52%	+10.48%
S&P 500	2,800.71	-0.94%	+11.72%



Treasury	Close	Week	Y-T-D
10-Year Note	2.44%	-0.15%	-0.25%

Sources: The Wall Street Journal, Mar. 22, 2019, Treasury.gov, Mar. 22, 2019  
 The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.



## WHAT'S NEXT

A U.S. delegation is scheduled to accompany Secretary of the Treasury Steven Mnuchin to China this week for further trade negotiations. Finally, Brexit will not occur this Friday, as the European Union has extended the United Kingdom's deadline in response to Prime Minister Theresa May's request.