

A snapshot of last week's market performance and what to watch in the week ahead from Chadd Mason, Cabana CEO and co-founder.

The past week we continued to see volatility in equity markets worldwide in response to the ongoing "trade war" rhetoric. As soon as we heard that the U.S. and China are going to resume talks, we heard that the U.S. is pressing forward with the next tariffs on \$200 billion worth of Chinese imports. Of course, the results of this will have ripple impacts here and across all international economies. China has likewise threatened to withhold exports to the U.S., which have become a necessary part of the supply chain domestically. We have discussed this ad nauseum and won't belabor the point here. In my opinion, this simply needs to be resolved for the U.S. markets to move higher. China and other emerging markets are at multi-year lows. This may result in buyers stepping in there. Ironically, I feel like the U.S. market is more at risk given its lofty valuations compared to the rest of the world. They have nowhere to go but up and I am afraid we have just the opposite. I am a believer in efficient market theory and, as such, have to think this risk is priced in but... Bond Yields are testing 3% on the 10-Year again as an aside. Bond markets are thus seeing continued growth out there to support inflation. We remain moderately bullish.



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