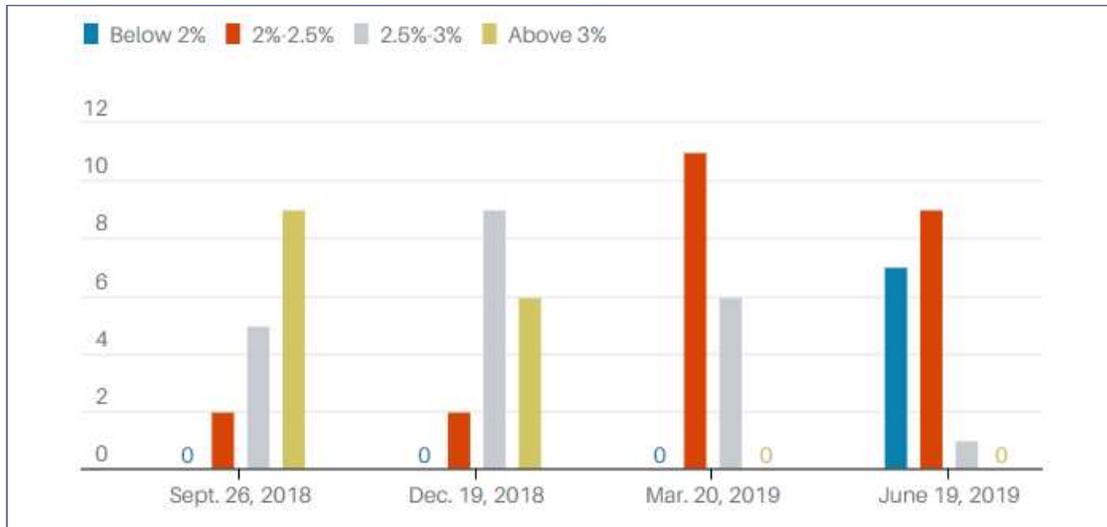


Market Recap

The Pendulum Swings Towards Lower Rates



Source: Barron's

What Is the G20?



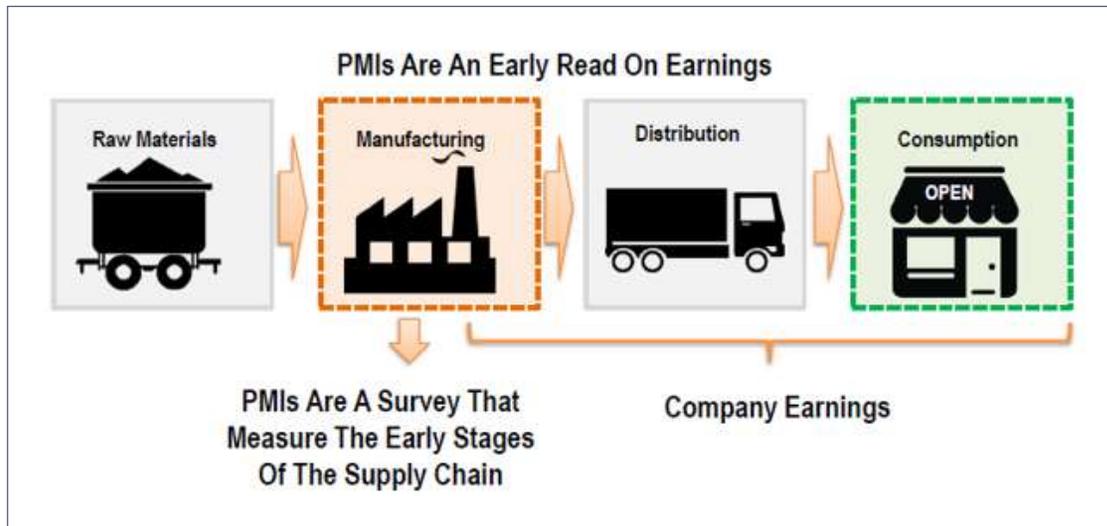
Source: Source: G20 Studies Centre, The Lowy Institute, theconversation.com

An increasing focus on the downside risks to growth (e.g. the fallout from escalating trade tensions) have quickly shifted the conversation around interest rate policy. At last week's Fed meeting seven FOMC members indicated that they expect a 50 basis point rate reduction this year (two cuts), and one sees rates 25 basis points lower. Just one member still expects a hike, while the rest see rates staying flat for the remainder of 2019. While bullish investors have cheered on this development, anticipating that lower rates will lead to a steepening yield curve, the bears worry that the market is underestimating the probability that waning business confidence may cause the economy to fall into recession.

The G20 (Group of Twenty) is an annual meeting of the world's largest economies to discuss economic issues, encourage global growth, international trade, and regulation of financial markets. The G20 is not a legislative body, though it aims to shape and influence policy amongst its member countries. The agenda of the annual summit attempts to reflect current global challenges, with last year's meeting including talks on cryptocurrency regulation and the U.S. and China trade war—both topics that will most likely be revisited this weekend. In addition to the weekend conference, the host country of the G20, referred to as the G20 presidency, holds relevant themed meetings for member countries to attend throughout the year. The current focus includes energy and the environment and women's empowerment, amongst others.

Market Recap

The Significance of PMI Survey Data



Source: Cornerstone Macro

Thank You, John Adams



Source: Galactic Fireworks

The Purchasing Managers' Index (PMI) is an oft-referenced indicator summarizing the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. While manufacturing is a smaller percentage of the U.S. economy than it used to be, PMI data remains a reliable leading indicator of future economic activity given that manufacturing is at the front end of the supply chain. An uptick in manufacturing often occurs because firms project rising consumer demand, stimulating growth not only in manufacturing, but also in distribution. Put simply, monthly PMI readings offer insight into changing economic activity trends – changes that eventually flow through to earnings data and have significant effects upon the overall performance and underlying sector performance of equity markets.

Many say that fireworks were invented by the Chinese around 900 CE, and were commonly used to create “loud bangs” with hopes to scare off evil spirits. Fast forward a handful of centuries—fireworks have become a tradition in the U.S. for commemorative purposes, especially on the 4th of July, thanks to John Adams. Fireworks have been an Independence Day staple since the nation declared independence—in 1776, with fireworks and cannons illuminating the Philadelphia skyline. A day before the celebration, John Adams wrote to his wife, Abigail:

“I am apt to believe that it will be celebrated, by succeeding Generations, as the great anniversary Festival...It ought to be solemnized with Pomp and Parade, with Shews, Games, Sports, Guns, Bells, Bonfires and Illuminations from one End of this Continent to the other from this Time forward forever more.”

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

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