



Basis Points – May 23, 2019

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Above the Fold

“Trade Wars” and “Fed Speak” — expect these two topics to be headline drivers in the near term. As for the former, trade talks remain in a lull and are likely to remain in that condition until the G20 summit in Japan offers a potential breakthrough next month. Even then, experts believe it’s a 50/50 chance that real progress (a deal) is made. For now, it’s wait and see as both countries continue to take a very public stance, using powerful rhetoric that might make it even more difficult for one or both sides to back down.

When it comes to domestic interest rate policy, the Fed minutes released yesterday revealed a continued dovish stance and increasingly upbeat tone from the Federal Open Market Committee. The committee noted that they didn’t foresee rate movement “for some time,” despite economic improvements. These minutes were recorded before the breakdown in U.S.-China trade talks, and markets are currently pricing in at least one rate cut before year end.

What’s Ahead

Durable goods orders data are due out tomorrow morning. Analysts are expecting a -2.0% decline in the top line number, with a rise of 0.1% at the core. Also due out is the Treasury Currency Report, which provides a detailed review of global exchange rate policies, central bank actions and economic conditions.

Three Things

1. *Target on Target* – Shares of the retailer jumped in the high single digits as profit, revenue and sales all topped expectations. The company has made big investments with brand, tech and marketing that are expected to continue to pay off, according to CEO Brian Cornell.
2. *Lowe's in a Lull* – As proof that not all retailers are enjoying record profits, the home improvement company saw just a 2.5% increase in earnings over last year, missing analyst expectations. Same-store sales were up 3.5%, better than expectations. And while far from a disastrous report, the results showed that investors may be raising the bar for some corporations to deliver.
3. *Money Honey* – Expect to pay much more for the golden treat as declining bee populations globally, coupled with rising consumer demand for natural sweeteners, are making it hard for producers to keep up. Prices are up more than 9% compared to last year. Conversely, sugar prices are near decade lows.

Did You Know?

The Bureau of Transportation estimates that more than 75 million passengers boarded U.S. airlines during each month of 2019. The TSA screens a great number of those passengers through any one of thousands of checkpoints. If you're wondering just how long it takes to screen, the average or normal wait time is under 30 minutes for standard passengers and less than 10 minutes for TSA pre✓®.

Any of us who travel know that those lines can be chaotic at times. In addition to your shoes, laptops, coats and phones, any loose change must also be placed in that little bin and sent through the X-ray machine. Unfortunately, Americans seem to forget their currency and end up leaving about \$1 million in pocket change per year ... and that's not including the change that's gone unreported or mistakenly taken by other passengers.

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