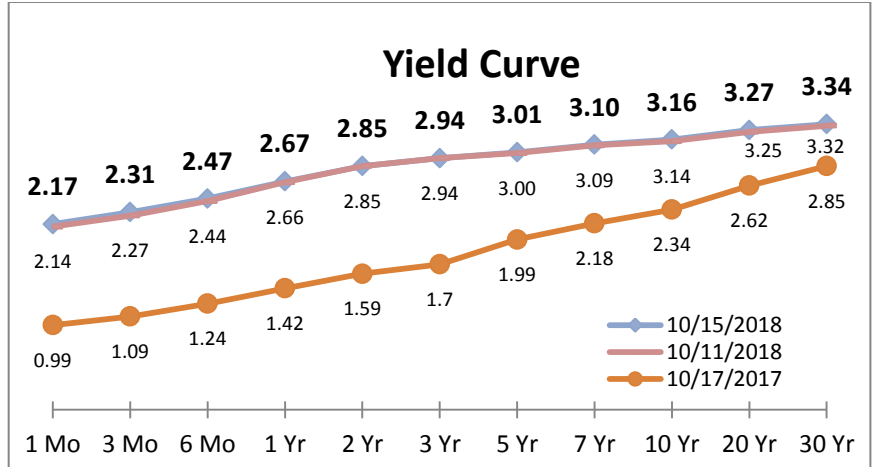
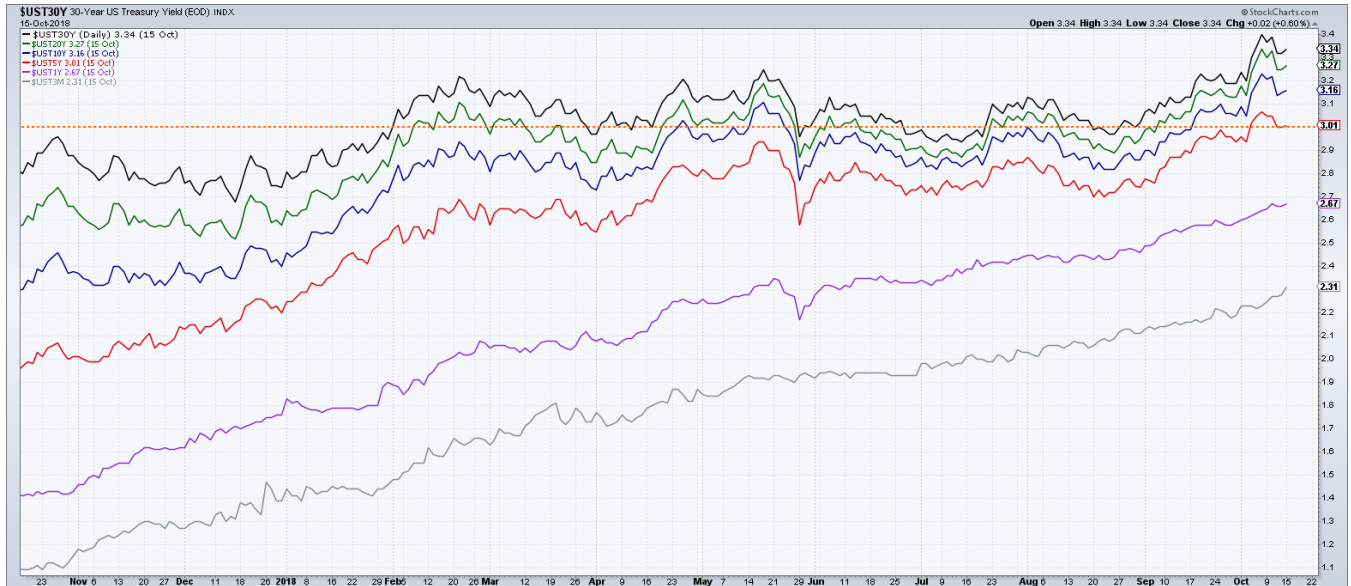


Interest Rates	10/15/2018
Bond Type	Rate (%)
Federal Funds	1.95
US Treasury : 1 Month	2.17
US Treasury : 3 Month	2.31
US Treasury : 6 Month	2.47
US Treasury : 1 Year	2.67
US Treasury : 5 Year	3.01
US Treasury : 10 Year	3.16
US Treasury : 20 Year	3.27
US Treasury : 30 Year	3.34



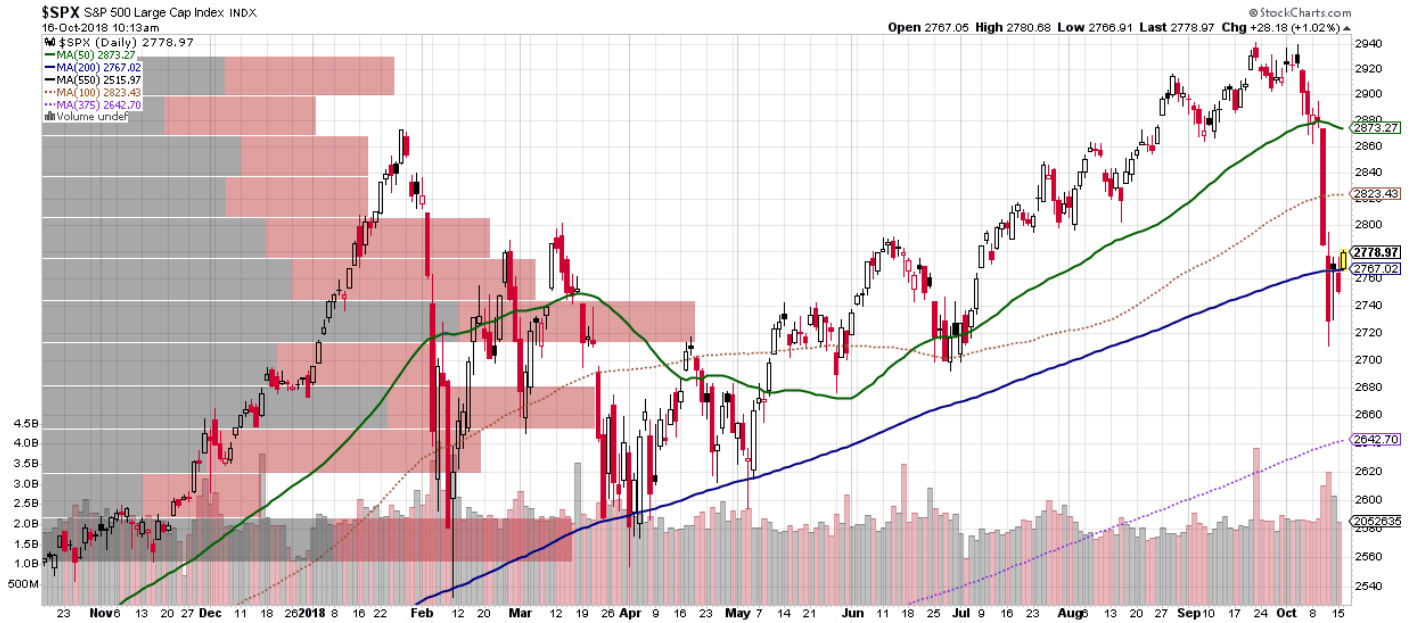
### Interest Rates

Interest Rates this week generally increased between 1 & 3 basis points all along the curve. President Trump was quoted stating he believed that, ‘The Fed has gone [crazy](#),’ calling the Federal Reserve’s recent interest-rate increases, ‘a mistake’ and suggesting that the central bank was to blame after last week’s stock market plunge. Interest rates are still historically suppressed and it is unlikely that President Trump’s comments will affect the Fed’s monetary policy decisions moving forward.



### Stocks

The stock market recovered moderately after last week’s sell-off. The sell-off is largely being attributed to rising interest rates. However, weakness in the Technology sector, which had become very crowded, was the largest contributing factor and various sectors such as homebuilders have been weakening for quite some time.



Simple Moving Averages: 20-period / 50-period

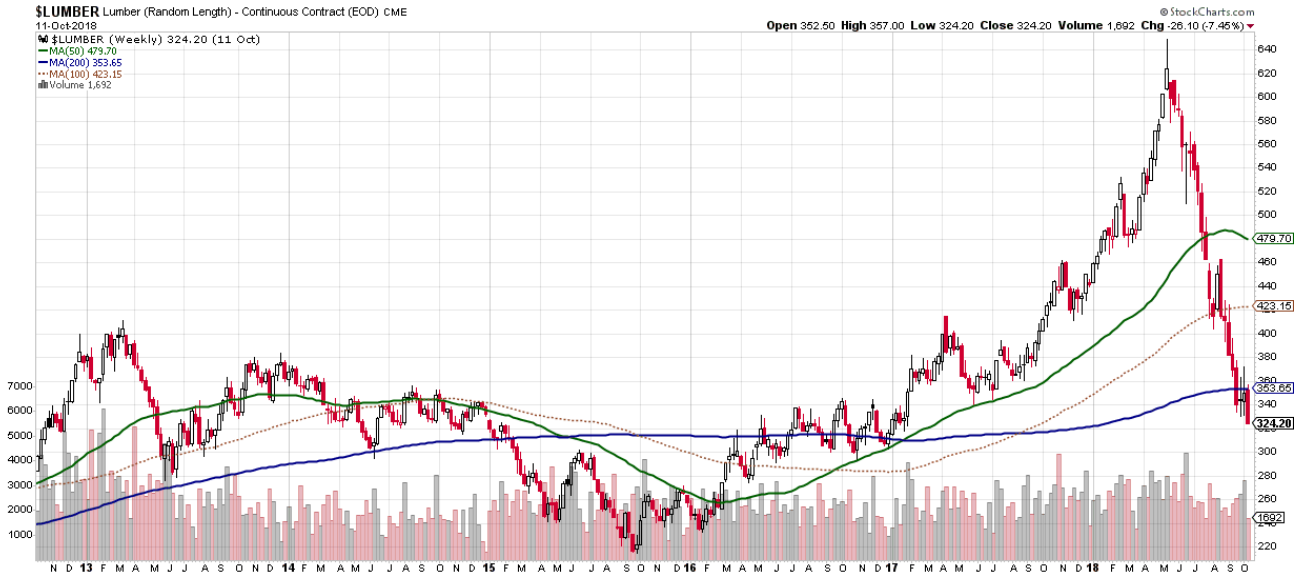
## Sector ETF's

### Tariffs

Donald Trump was inaugurated November 8, 2018. With the implementation of tax cuts and tariffs, trade policy has been shaken up significantly. Tariffs played a role in affecting the input prices of certain commodities that developers rely on such as lumber and steel.

### Lumber

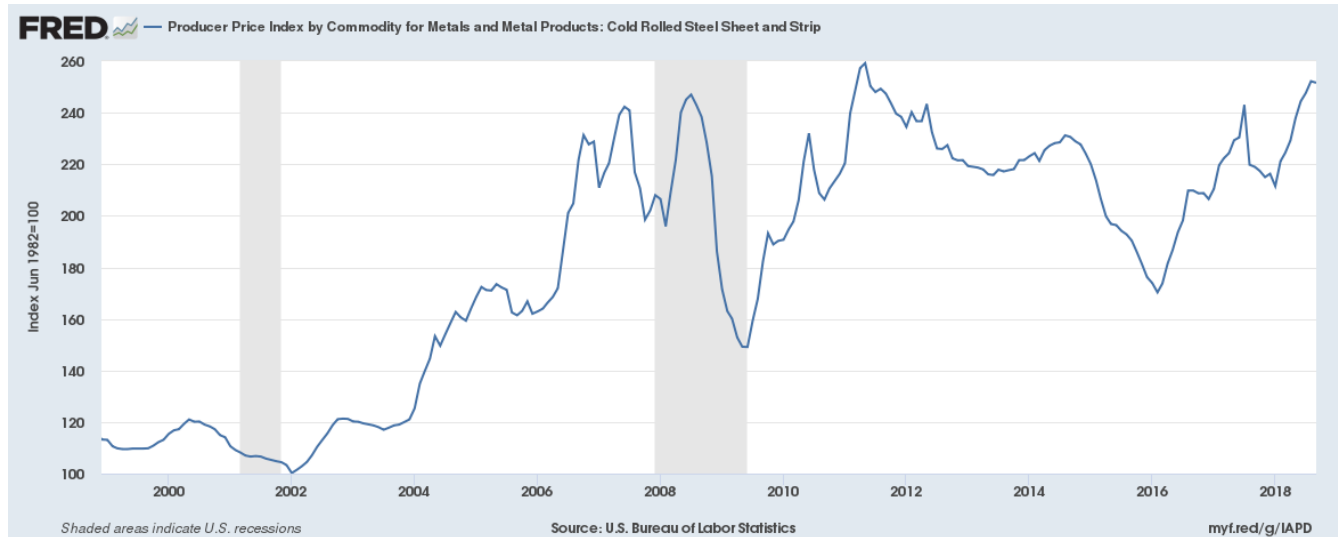
Uncertainty over tariffs contributed to a sharp run-up earlier this year in the price of lumber. The market was inundated with headlines about how high prices were here to stay into the foreseeable future. Developers used this as a reason to pass much higher costs along to consumers. However, it is important to note that since May of this year; Lumber prices have since been effectively halved, returning to a multi-year support level. There is significant lag-time between spot prices and end-products but this could help developers heading into next year.



Lumber Spot Price

### Steel

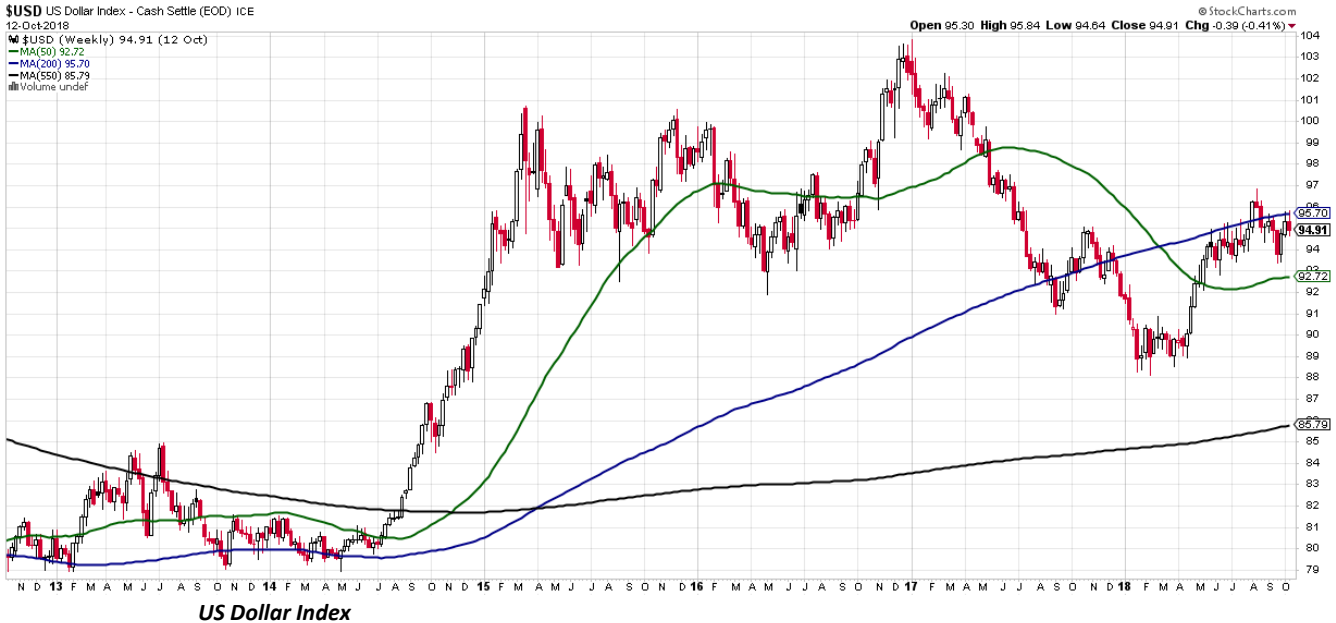
As lumber prices acclimate to the imposed tariffs, Steel Prices have yet to equalize and are pushing against multi-decade highs. That said prices for cold rolled steel sheet and strip have yet to break-out from 2011 highs.



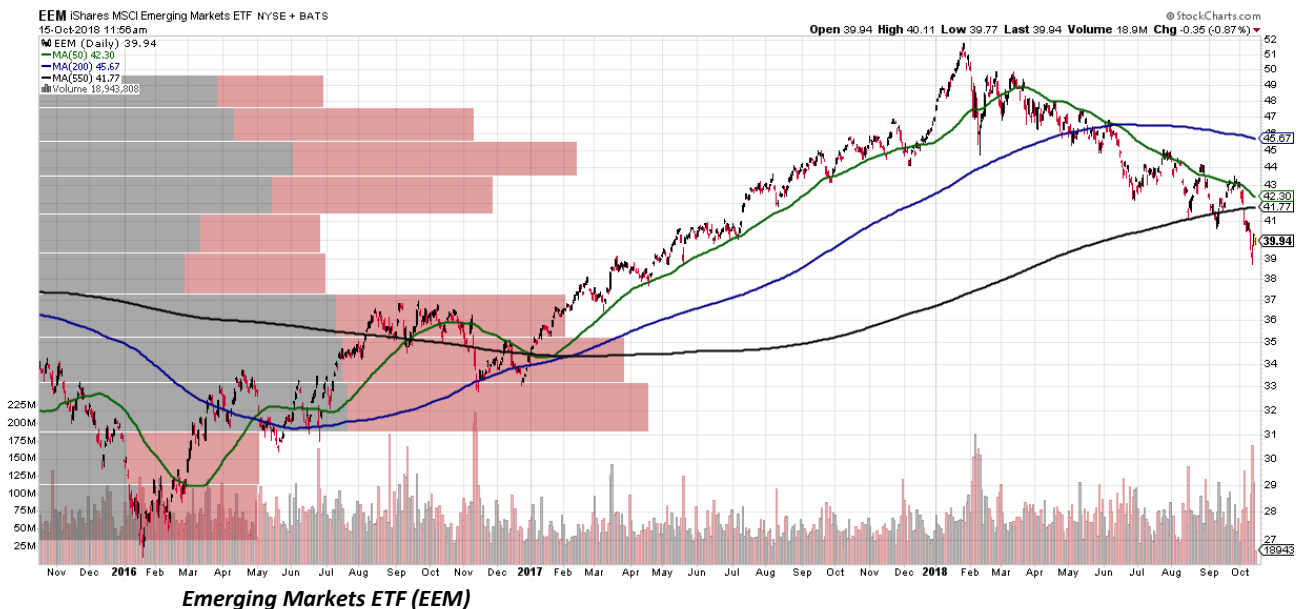
PPI: Cold Rolled Steel Sheet & Strip

### US Dollar

The US Dollar had a big rally late 2014 and has been consolidating ever since. Higher interest rates generally strengthen currencies. Currencies are exceptionally difficult to predict, but I would expect the dollar to stay strong relative to other major currencies for the foreseeable future.



A strong US Dollar generally has a negative effect on Emerging Markets, who have borrowed heavily in US Dollar denominated debt. Indeed, Emerging Markets have been under tremendous pressure all year having vastly underperformed American stock markets.



### Conclusion

It is a unique climate right now as the market acclimates to big changes in both fiscal and monetary policy. It is prudent to expect the volatility to continue in the short and medium term. Be well-diversified in your personal portfolio and stay current on pricing loans competitive with market rates.