

Extending the U.S. – China Trade Deadline

US-China trade expiration is getting an extension until after Trump and Xi meet later in March. Chinese vice premier Liu He has been in Washington for negotiations all week and into the weekend. Both sides seem eager to do something constructive, but it looks like nothing will be finalized until later in March. This stops the March 1st trigger for U.S. tariffs on \$200 billion of Chinese goods to increase to 25% from the current 10%.

Financial markets were optimistic for a deal in some form with the S&P 500 Index +0.62% last week, its fourth consecutive weekly increase. Crude oil was also up for the week, posting a +3.0% gain on trade optimism, lower global production, and a lower U.S. rig count for the week.

The minutes from the FOMC's January meeting, which were released on Wednesday, indicated that the patient stance would remain, but that the stance could change depending on economic growth. The Fed currently views the U.S. economy as "solid" and that even as growth could slow in 2019 and 2020, accompanied by a slight increase in unemployment, that it doesn't see anything dire on the horizon. Likewise, it doesn't see inflation as a imminent threat. Lastly, it viewed the unwinding of the balance sheet as not having a significant negative impact on the market and economy, but wanted to slow the unwind as bank reserves are approaching a level the Fed deems appropriate.

Financial Market Update

	<u>YTD Return</u>		<u>YTD Return</u>
S&P 500 Index	11.4%	International Stocks (MSCI ex-US)	9.5%
Dow Jones Industrial Average	11.6%	Aggregate Bond Index	0.8%
NASDAQ 100	12.0%	U.S. Dollar Index	0.3%
Russell 2000 (Small Cap Index)	17.9%	WTI Crude Oil	22.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Forced Technology Transfer

One major issue being debated in the U.S.—China trade negotiations is forced technology transfer of intellectual property from U.S.-based multinational companies operating in, or seeking entry to, the Chinese market. China has routinely forced foreign companies to transfer technology to local Chinese companies as a condition to allow them market access in China. The Chinese government has then failed to protect that intellectual property.

As the trade negotiations look to be extended beyond the March 1st deadline, the limiting of forced technology transfer and protection of intellectual property of U.S. firms operating in China may be a sticking point to ultimately resolving the current trade conflict.

Do You Know Your Risk Number?

Individuals often classify their investment risk tolerance with adjectives such as "Conservative", "Moderate", or "Aggressive".

These can be highly subjective and may not correctly identify the amount of risk someone is actually comfortable taking.

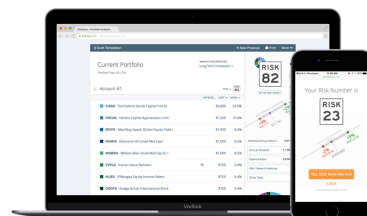
One Moderate investor may feel uncomfortable if their portfolio fell 5% while another may not feel uncomfortable until their portfolio falls more than 10%.

While investors understand that the purpose of taking risk is to achieve investment returns, they may not have a realistic sense of how much risk is required to achieve a targeted level of return. In this case, they may not be taking enough risk and won-

dering why they are not able to achieve the returns they want.

We work with our clients to identify the risk they are comfortable taking and balance it with the investment objectives they are seeking to achieve.

Contact us about our complimentary risk analysis questionnaire.



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is Certified Plan Fiduciary Adviser (CPFA) and an endurance athlete and three-time IRONMAN finisher.



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Jeff has 9 years of industry experience. Prior to joining NovaPoint, Jeff was a Vice President in the Private Banking and Investment Group at Merrill Lynch. Jeff also worked at Booz Allen Hamilton and the Department of Defense. Prior to his private sector career, Jeff was a Field Artillery officer in the U.S. Army. He holds a BA from the University of Texas and an MBA from the University of Maryland. Jeff is Chartered Financial Analyst (CFA).

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