

Wentz Weekly

January 6, 2020

Geopolitical Uncertainties on the Rise as We Head Into the New Year



Investment management for your lifetime

- A top Iranian general, Qassem Soleimani who is the head of Iran's Quds Force which some consider Iran's version of the Special Forces, was killed in a U.S. airstrike near an Iraqi airport last week, increasing tensions in the Middle East. Soleimani had a very large influence in the Middle East especially within Iran, who directed a network of militant groups. Iran's Supreme Leader has already warned "a harsh retaliation is waiting". President Trump has since said the U.S. will target 52 Iranian sites if Iran retaliates. Also, Iraq's Parliament voted to end the presence of American troops on Iraqi soil, which Trump said the U.S. would respond with sanctions if Iraq moves forward.
- President Trump tweeted he will be signing part one of the trade deal with China during a ceremony at the White House January 15th with high level Chinese representatives. He will later travel to China to begin part two negotiations.
- After seasonal adjustments the S&P Case Shiller home price index indicated home prices rose 0.5% in October. San Francisco was the only city out of the 20 tracked that saw a decline in home prices in the month while Atlanta, Los Angeles and Seattle saw the highest growth at 0.7% for the month. Compared to a year ago home prices are up 3.3%, accelerating from 3.2% y/y growth in September, with Phoenix, Charlotte and Tampa seeing the highest growth all at around 5% y/y, with San Francisco, Chicago and New York seeing the slowest growth in home prices compared to a year ago.
- China's Central Bank, the People's Bank of China, announced a 50 basis point cut to its reserve requirement for commercial lenders and signaled it will continue to implement favorable policy in 2020. The lower reserve requirement is estimated to free \$115 billion of liquidity, which the PBoC said is a hedge against a cash crunch for the Spring Festival later this month, also known as the Chinese New Year. The news fueled the global rally Thursday with the Shanghai exchange up 1.2%.



Company News

- Tesla delivered its first Chinese made car in Shanghai last week.
- Pfizer, GlaxoSmithKline and Sanofi are among a list of companies that plan to increase select drug prices in 2020. The average increase will be 5.8%, which is a smaller increase than the 6% increase in 2019.

The Week Ahead

- We will see activity on the earnings calendar with Walgreens, Constellation Brands, and Bed Bath & Beyond reporting quarterly results this week. Expect product announcements and possibly new technology at the Consumer Electronic Show held this week in Las Vegas. The economic calendar will be light again, with trade data released Tuesday and the December employment report from the Bureau of Labor Statistics on Friday where economist expect 157,000 new non- farm payrolls.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Information contained herein was received from sources believed to be reliable, but accuracy is not guaranteed. Information provided is general in nature and is not a complete statement of all information necessary for making an investment decision and is not a recommendation or a solicitation to buy or sell any security. Investing always involves risk and you may incur a profit or loss. No investment strategy can guarantee success. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Any opinions are those of the author and not necessarily those of RJFS or Raymond James. Expressions of opinion are as of this date and are subject to change without notice. Investments mentioned may not be suitable for all investors. There is no assurance these trends will continue, or forecasts will occur. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.