Weekly Market Review

By: Jim Rambo, Allegheny Research Team

The Week Ending March 9, 2018

President Trump eased some of the stock market's worries last week by excluding Canada and Mexico from the steel and aluminum tariffs that he signed into effect on Thursday. While our neighbors got a break, South Korea and Brazil, who are close allies and major steel and aluminum exporters to the U.S., did not. Both countries are pleading their cases for exemptions as the president left the door open to negotiate on a country by country basis. The S&P 500 began on a sour note but ended the week up more than 3.5%.

Another factor boosting equities last week was a much better than expected jobs report. The U.S. economy added 313,000 jobs in February which was the fastest hiring pace since July 2016. The unemployment rate held steady at 4.1% for the fifth consecutive month. Hourly earnings were up only slightly at 0.1% compared to economists' forecast of 0.2% curbing any immediate inflation fears.

Two weeks ago, the bond market heard Jerome Powell, the new Chairman of the Fed's, testimony before Congress on the strength of the U.S. economy. The take away was that maybe the Fed would hike four times instead of three in 2018; however, his emphasis was more about maintaining the continuity of transparent and gradual tightening that began under Yellen's tenure. This past week, we heard from Mario Draghi, the head of the European Central Bank, who is in the process of reducing their bond-buying program. Like the U.S., the EU has seen a pickup in economic growth and has stubbornly low inflation. Their central bank policy is about four years behind the U.S. Fed. It was 2014 when the Fed reduced its bond purchase plan which initially rattled markets in what was dubbed the "Taper Tantrum." Markets have not had the same nervous response this time around.

Allegheny Financial Group

INVEST IN YOUR PEACE OF MIND℠

811 Camp Horne Road, Suite 100 • Pittsburgh, PA 15237
Ph: 412.367.3880 • Fax: 412.367.8353
alleghenyfinancial.com