



Weekly Market Review

By: Jim Rambo, Allegheny Research Team



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Now that the steel and aluminum tariffs are in place, President Trump is wasting no time in making his next significant trade move. This time, the target is China for the theft of American intellectual property by targeting between \$30 billion and \$60 billion of annual imports from the Asian country. The dollar amount is based on a study from the Office of the United States Trade Representative on how much unfair trade practices from China hurt U.S. companies every year. Practices such as requiring U.S. companies to hand over key technology to access the Chinese market, the reverse engineering of U.S. technology, and the outright manufacturing of counterfeit goods are examples of unfair practices. There are a couple of key differences this time as compared to the steel and aluminum tariffs. One, while the best course of action is highly debatable, it is a much more broadly accepted belief that China has acted unfairly in trade with the U.S. Two, China is more capable of retaliating against the U.S. than Brazil who is likely to be most hurt from the metals tariffs. Many U.S. businesses including Apple, Google, and Walmart to name a few, are urging the President not to impose sweeping tariffs against China for fear of retaliation and sparking a full-blown trade war. Another concern is that the steep tariffs will cause a rise in prices for U.S. goods domestically and a spike in inflation.



This week, the Fed will be front and center with the first meeting with Jerome Powell as the new Chairman scheduled for Wednesday. It is widely believed the Fed will vote to increase the Fed Funds rate by 0.25% to a new target of 1.50% - 1.75%. More of the media attention will likely be around whether the Fed will increase rates three times or four in 2018.



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