



# Weekly Market Review

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## *The Week Ending September 21, 2019*

The S&P 500 Index finished last week with a slight loss but considering the headlines of the week, this can be viewed as a victory. We started the week with a shock in the oil market from the bombing of Saudi Arabian oil fields, sending Crude oil to a volatile week. However, the most anticipated event was the Federal Reserve meeting and expected rate cut, which ended up leading to more uncertainty about where Fed officials go next with interest rates.

A drone and missile attack on a Saudi Arabian oil field and the world's largest crude processing facility resulted in 5% of global oil supplies being destroyed. This jolt sent the oil market up 15% last Monday, oil's largest daily gain since 1988. Saudi Arabia has said they plan to regain lost production by the end of September, however that is not the biggest concern. Officials worry that the attack has left oil facilities vulnerable to future attacks, leading to greater uncertainty in the oil markets. The uncertainty could lead to a higher risk premium for oil, keeping upward pressure on the price of oil until countries can prove they have a strong defense for their oil fields.

Back in the domestic markets, the story of the week was the Federal Reserve cutting the Federal Funds rate for the second time since the Financial Crisis to a range of 1.75% - 2.00%. This was one of the more interesting meetings in Chair Jerome Powell's tenure as many members are split on where interest rates will go next. Five members wanted to keep rates on hold last week, and five others supported the rate cut but do not want to make any additional changes to interest rate policy through at least the end of the year. The remaining seven members want one more rate cut in 2019. This split is leading to confusion in the market about where rates will go next. Current market expectations show a 56% chance of another rate cut at their October meeting, which has already come down from a 65% probability last week. History has shown these Fed outlooks do not mean much. As recently as June, Fed members were not expecting any rate cuts through the end of the year, and we have had two since.



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