has led to a flattening of the yield curve. In past periods “flat” yield curves have served as a harbinger of recession as they are usually the result of an aggressive effort by the Fed to quash incipient inflation. We don’t believe, however, that is the case in the current period. Despite the Fed’s actions, both long- and short-term interest rates remain low relative to history, and a financially strong banking system is primed to fund further expansion of an already robust domestic economy.

Recent data, including consumer spending and capital investment, underpin consensus full-year GDP growth expectations of over 3% despite a first quarter reading of 2%. The unemployment rate hit an 18-year low at 3.8% in May as non-farm payrolls continued to expand at approximately 200,000 jobs per month; more significantly, wage growth further so

The apparent goal of the Trump Administration is to reduce trade deficits via 'fair trade.' We would be remiss, however, if we didn't note that those deficits in net purchases of goods and services only tell half of the story, as they omit *financial* investment. For every dollar of trade deficit, there is a dollar coming back the other way – whether it be for building a US-based factory or purchasing government debt (thereby strengthening the dollar and helping to keep a lid on rates). Nonetheless, in recent months, rhetoric has