



Week In Review

February 8, 2019

China

President Trump and Larry Kudlow, his chief economic adviser, made comments indicating that it is unlikely that Trump and Xi will meet to finalize a trade deal prior to March 1, when tariffs are set to rise from 10% to 25% on \$200 billion worth of imports from China. Stock markets reacted negatively to these comments.

Our Take: It is unclear if the U.S. and China will agree to hold off on implementation of the increased tariffs while negotiations are in progress even if a final deal is not in place. Continued or increased trade tensions would be a headwind for global growth at a time when growth appears to be slowing.

Municipals

S&P Global Ratings upgraded the credit rating on Detroit's unsecured debt from B+ to BB-, the second upgrade by the ratings agency in the last 14 months. S&P cited Detroit's balanced budget and strong financial reserves as reasons for the upgrade.

Our Take: Detroit has taken steps to improve its fiscal health after exiting bankruptcy, and the city has experienced economic growth and increased tax revenues. However, even after this week's upgrade, Detroit remains junk rated and struggles with underfunded pensions.

—There is no additional Week In Review detail for this page.—

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