

## Global Disorder

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*The markets endured significant turbulence in August as investors wrestled with a deepening global economic slowdown and a menacing trade war. A deluge of gloomy reports around anemic growth, which has been stubbornly resistant to central bank stimulus, has bolstered fears of an impending recession. The U.S.-China trade war has entered a new phase, impacting the U.S. dollar, reducing business investment, and hampering the manufacturing sector. The biggest fear is that the trade spat could drag down the U.S. economy. With negative interest rates in many developed countries, global investors have poured money into higher-yielding U.S. Treasuries as a safe haven. Hence, the U.S. Treasury yield curve has inverted, which is often quoted as a harbinger of a recession; an assumption which may mislead investors. As a result, 10-year and 30-year U.S. Treasury yields plunged in August. Burgeoning uncertainty over trade, rates, and growth is causing economic malaise, which could result in global disorder.*



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