



Congress came close to yet another self-inflicted shutdown (it would have been our 4<sup>th</sup> in just the last 13 months), but a hard-fought compromise between Washington lawmakers finally provided a spending plan for fiscal year (FY) 2019. Most of the media attention has been directed at 2% of the \$61.6 billion allocated to the Department of Homeland Security (i.e., the \$1.375 billion earmarked for a border security wall), but 82% of the \$333 billion, 1,169-page bill detailed the FY 2019 spending approved for 8 other federal departments, including the State Department, Commerce Department and the Department of Housing and Urban Development (source: BTN Research).

The 2 economic superpowers in the world – the U.S. and China – have just 10 days to end the trade war that began 7 months ago in July 2018. Negotiators for both countries spent last week in Beijing and now have moved the talks to Washington D.C. this week. If the 2 countries don't come to an agreement by Friday 3/01/19 or agree to extend that deadline, U.S.-imposed tariffs on \$200 billion of Chinese imports will more than double to 25% from 10% currently (source: BTN Research).

Retail spending nationwide (technically “Retail & food services” spending) fell 1.2% in December 2018 to \$506 billion, the largest month-over-month percentage drop in the U.S. since September 2009. But that unexpected report, suggesting that the American consumer may be backing up, failed to derail the U.S. stock market. The S&P 500 is up +11.0% YTD (total return) through the first 7 weeks of 2019 (source: BTN Research).

#### Notable Numbers for the Week:

1. **LOTS OF OIL** - Venezuela has the **largest estimated oil reserves** in the world (301 billion barrels), nearly **8 times** the estimated reserves of the United States (39 billion) (source: World Atlas).
2. **THE RICHEST FIVE PERCENT** - The **top 5% of U.S. taxpayers** in tax year 2016 (the latest year for which tax data has been released) made **at least \$197,651 of adjusted gross income (AGI)**, received **35% of all AGI** nationwide and **paid 58% of all the federal income tax** paid by Americans (source: IRS).
3. **BORROWING** - The U.S. government has maintained **financial records** since 1789, i.e., **230 years**. From 1789 to 3/16/09 (**220 years**), our government created **\$11 trillion of debt**. From 3/16/09 to 2/11/19, i.e., the **last 10 years**, our government created **another \$11 trillion of debt**, reaching a **record \$22 trillion** (source: Treasury Department).
4. **EXPENSIVE EDUCATION** - Outstanding **student loan debt** in the U.S. was **\$1.46 trillion** as of 12/31/18, up +128% from **\$640 billion** as of 12/31/08 (source: Federal Reserve Bank of New York).

Securities offered through Kestra Investment Services, LLC (Kestra IS), member FINRA/SIPC. Investment advisory services offered through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. Brotman Financial Group, Inc. and BFG Financial Advisors are not affiliated with Kestra IS or Kestra AS.

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed by Kestra IS or Kestra AS, as to accuracy does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. The indices mentioned are unmanaged and cannot be directly invested into. Past performance does not guarantee future results. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Copyright © 2017 Michael A. Higley. All rights reserved.

If you do not want to receive further editions of this weekly newsletter, please contact me at 410-252-4555 or [ebrotman@bfgfa.com](mailto:ebrotman@bfgfa.com).