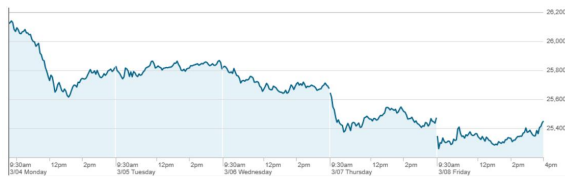


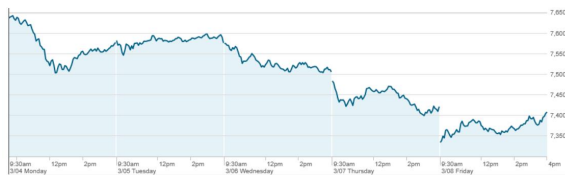


This is Tom McIntyre with another client update as of Monday March 11, 2019.

The stock market finally had a down week as abundant concerns about a synchronized global slowdown suddenly became the favored scenario cited by policy makers including central bankers, especially in Europe.



Dow 5-day



Nasdaq 5-day

As the charts above illustrate, the **Dow Jones Industrial Average** as well as the **NASDAQ Composite** fell over 2% last week. The weak (or was it) payroll report on Friday just added to the growing perception that the year 2019 is going to be much weaker than anyone, other than those reading these updates, would have had you believe.

Markets & Economy

Last week saw the ECB throw in the towel on their previous policy prescription of returning to normalcy (not really a word but it has been around since The Hoover Administration). The ECB indicated that it would return to extraordinary

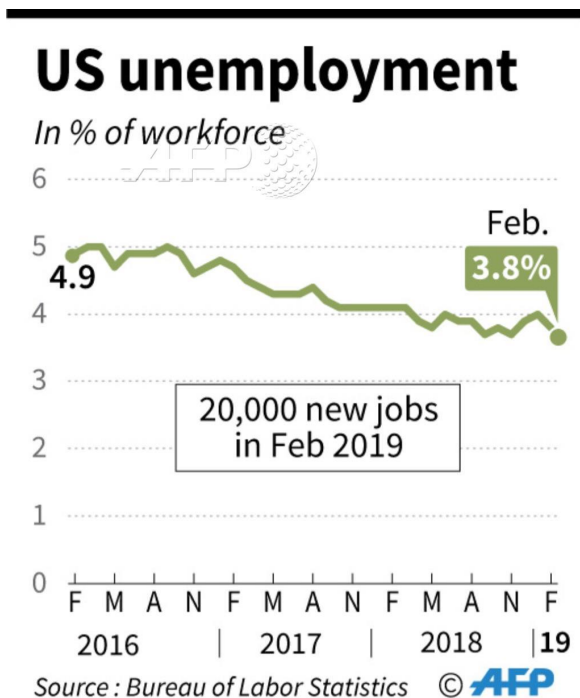
measures in terms of lending to European banks (which are all bankrupt in a true economic sense). The foolishness of monetary policy there has been exacerbated by the woeful tightening of monetary policy here in the US. Thankfully, the markets and President Trump combined to stop what was full throttle forward to a recession by our Fed.

Last October, I attended a conference in DC where Janet Yellen, the former Chairman of the Fed, was a guest speaker. The fawning over her every utterance was nauseating. As if anything she had to say was either correct or relevant. In fact, the policy she handed off to her successor has put the global economy in danger currently. You can imagine my surprise when she appeared again this past week criticizing Trump for not understanding what the Fed does. Well that might be true, but he was correct to spot a bad policy when he saw one. Even worse, Yellen, her predecessor and the current Chairman of the Fed appeared last night on television to once again take shots at the President. First, these people are bureaucrats, no one elected them; various presidents chose them. Secondly, they are expected to perform, however, their forecasts have been just plain awful concerning growth, inflation targets etc.

They have some nerve in my mind and events of today have proved that out. The global economy cannot return to "normal" because the world is not growing at anywhere near normal rates. This, despite negative interest rates and other forms of crazy monetary steps employed starting a decade ago. It is especially incumbent on the US Fed to

realize that it sets policy for much of the world. While the US is doing better than anywhere else, it cannot grow strongly while Europe, China, Japan and the emerging markets stagnate or worse. This is now obvious to nearly everyone including members of the central bank elites around the world. They can either change policy (without admitting they were wrong of course) or push the world into a recession it cannot deal with. Thankfully they have backed off and this is due to Trump's pointing the light upon them. Something they really haven't appreciated.

Last week saw a very disappointing jobs report with just 20K non-farm payroll jobs gained (previous strong months were revised higher) as the chart below indicates.

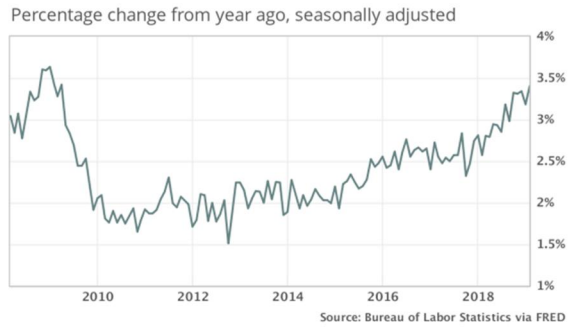


The report seemed to have some silver linings in it as well. First, the official unemployment rate fell to just 3.8% while the wider report on unemployment including part-time workers also fell. Additionally, the household survey of job creation did show some 225K additions which explains the fall in these unemployment rates. Never the less the slowdown must be noted and watched.

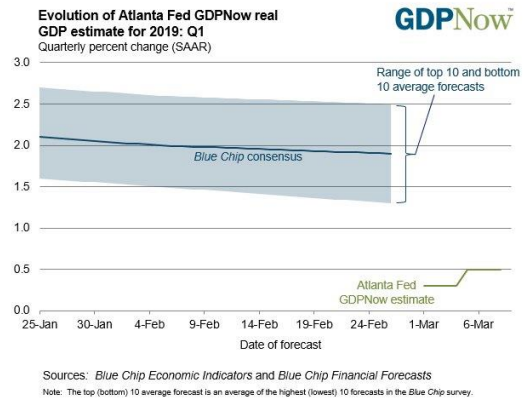
The employment report also contained some good news of wage growth (see chart below). Of course, the annual jump to plus 3.4% received no media attention. For all these reasons the impact on the

markets last Friday ended up being a virtual non-event.

Average Hourly Earnings of All Employees: Total Private



Given the amount of weak economic data globally the estimates for global growth are slumping. As we have mentioned here several times, our Q1 GDP number is going to be a very poor one. The chart below from the Atlanta Fed shows they currently estimate just .5% growth on an annual basis for the US. Of course, that is still better than anywhere else in the world. This slow down in growth was what the market feared in late last year's Fed induced sell off. At this point investors are fixated on the trade talks with China but as I've long pointed out, this will have much more of an impact on China than for the US, at least for this year.



We are now in a transition. Fear of the Fed has been replaced with fear over growth. Recessions almost always are a result of monetary policy errors or some other disruption such as the oil price spikes of the 1970's. While there is much going on in the world right now a recession doesn't seem the likely call. The lower interest rates will, over time, sooth the wounds that central planners like Janet Yellen inflicted upon us when they were placed in a position of power to which they didn't like being held accountable. Just look at her speeches to see my point.

What to Expect This Week

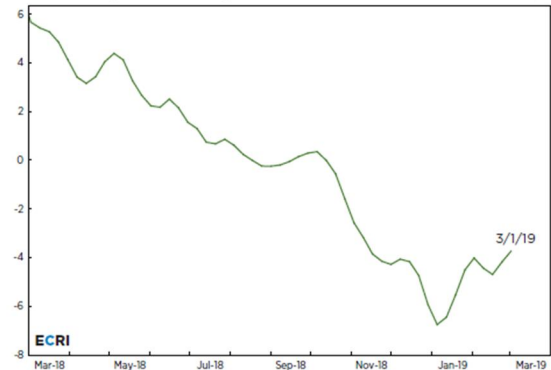
No earnings for our names, but companies such as Boeing will feature given the tragedy in Nigeria (see our further comments below).

Additionally, the soap opera called Brexit just cannot seem to get done. The British government is led by a "remain" Prime Minister. Is it any wonder why the referendum of nearly three years ago has been so dreadfully handled? This week may prove decisive for that story. For my money, Britain should honor the vote their people delivered and move on. The European Union is a decaying entity which is being assaulted from many directions and I don't believe will survive in any case. Could cause some market disruptions along the way though.


Finally, in the world of the mundane, we get some reports on inflation or the lack thereof here at home. These reports mean nothing but will be talked about endlessly in the financial press.

Below is the latest from the ECRI's chart of the index of leading economic indicators, continued improvement but nothing stunning. Still, given the problems noted throughout our commentary, it represents some encouragement that the press reports of the slowing economy are once recognizing something as it is about to reverse.

Weekly Leading Index, Growth Rate (%)



Company Stories

 Shares of **BOEING** are trading lower today, after one of its new 737 Max 8 passenger jets crashed shortly after takeoff. Ethiopian Airlines Flight 302, departing from Addis Ababa on Sunday failed to ascend 6 minutes into the flight. All passengers were lost. A **BOEING** technical team and America's NTSB are traveling to the site and will be investigating the cause of the crash along with local authorities over the next days and weeks. This is the second time a **BOEING** 737 Max 8 has crashed in the past six months. The Company has not come out with any warnings about the new plane, and American carriers continue to keep the 737 Max 8 in service for now. **BOEING** was the top performing stock in the **DOW JONES INDUSTRIAL AVERAGE** last year.

BOEING is producing current aircraft for customers at record rates and projected it will set a new commercial jet delivery record AGAIN in 2019. The firm provided guidance of between 698 to 905 deliveries, which would blow past 2018's previous record of 806. The 737 Max 8 aircraft is key to **BOEING's** estimates



BA one-year



JOHNSON & JOHNSON has been approved to bring to market the FIRST NEW MEDICATION to treat depression in over 30 years. The FDA has approved the nasal spray SPRAVATO for treatment-resistant depression in adults. The nasal spray has been approved for use in conjunction with an oral antidepressant in patients with major depressive disorder (MDD) who have not benefited from other standard treatments. One of the key benefits of this treatment is that while most antidepressants take a couple of weeks or months to show effects, SPRAVATO has been shown to work on patients in hours.

Data from short and long-term studies showed that Spravato in combination with a newly initiated oral antidepressant led to statistically significant, rapid and clinically meaningful improvement in patients with depressive symptoms.

SPRAVATO will be available through a restricted distribution system and can be given only at a physician's office and not at home. Last month **JOHNSON & JOHNSON** spoke confidently during their fourth-quarter conference call about SPRAVATO's FDA acceptance. Another investigational medicine, erdafitinib for metastatic urothelial cancer is also expected to be approved this year. **J&J** believes that these break-thru medications have the potential to garner more than \$1 billion in peak revenues. Shares of **JOHNSON & JOHNSON** are up 7 percent so far in 2019.



JNJ one-year



Shares of **BIOGEN** responded positively after news broke that The Company has agreed to acquire U.K.-based gene therapy company NIGHTSTAR THERAPEUTICS. The all-cash deal is for \$800 million, and is subject to approval by Nightstar shareholders, a U.K. court order and the receipt of regulatory approvals. The deal is expected to close by the middle of 2019.

What does **BIIB** get for its money? NIGHTSTAR's lead asset, a late-stage drug therapy for CHOROIDERMA, a degenerative inherited retinal disorder that causes blindness and has no currently approved cure. The results of the latest trial are expected to be released in the second half of 2020. By adding NIGHTSTAR, **BIOGEN** will be bolstering its pipeline and expanding a multi-franchise neuroscience pipeline across complementary modalities. CEO Michel Vounatsos believes ophthalmology will be an emerging growth area for **BIOGEN**. Share of BIIB have risen 8 percent in the past year.



BIIB one-year