



## Economic and Market Insights

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### Rocky start to new year is no surprise

U.S. stocks got off to a rocky trading start in the new year, buffeted by continuing concerns over global economic slowdown, yesterday's drop in Chinese stocks, downward pressure on energy prices and increasing political tensions in the Middle East. Markets are unsettled and may remain volatile as these developments play out. Even though downside risks to global growth exist, our expectation is that these impacts will be manageable and not enough to derail the U.S. economy's upward, albeit slow, general trajectory.

#### Key takeaways this week:

- Overvalued equity markets can lead to 3% to 7% corrections almost anytime.
- U.S. financial markets are still strongly influenced by the economic slowdown in China.
- Political tensions intensifying in the Middle East are affecting the U.S. economy.

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