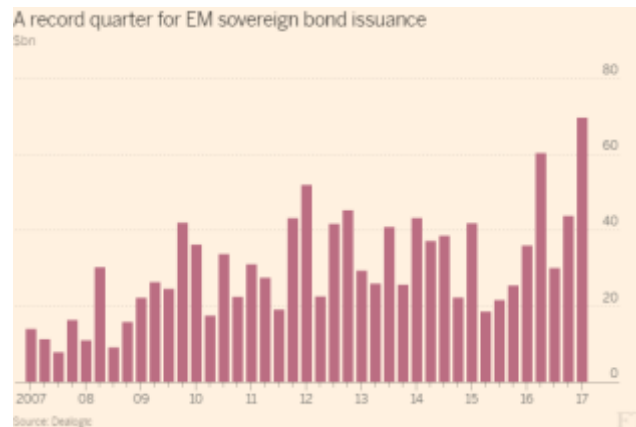


## Emerging Markets

Joe Novak

Emerging Market (EM) assets experienced a strong first quarter of the year, both in terms of real economic growth and inflows of investment capital. GDP growth among all emerging economies rose to an average 4.4 percent in the first three months of the year, up from 4.1 percent in the fourth quarter, according to an unofficial “tracker” compiled by Capital Economics. Not only does this level mark a three-year high, but there are also signs that momentum is spreading from China to Latin America and Eastern Europe. Sovereign bond issuance by emerging markets hit an all-time quarterly record in the first quarter, while flows of portfolio capital into EM stocks has been strong. Any upsurge in US trade protectionism, particularly with China, has the potential to damp EM exuberance, analysts said. For now, however, investors are ramping up their exposure to the developing world, cheered by the fastest trade growth for seven years and ebbing EM inflationary pressures.



## Post-Sanctions Iran

Jake Gans

Last January’s Iranian nuclear deal, signed into effect by the Obama administration, has been a source of contention for many Republicans, including President Donald Trump. It was used many times by Trump on the campaign trail to show that President Obama was weak and foolish to think that a negotiated agreement could keep the Iranian government from acquiring a nuclear weapon. What’s flying under the radar is the economic effect of the sanctions that were lifted from Iran, as part of the deal. Since the deal, Iran has been an outlet for many large corporations, as private investment has come hand and hand with the easing of sanctions.

Airplane companies, such as Boeing and Airbus, have signed agreements to start providing Tehran Air with planes. According to the World Bank, Iran is the second largest economy in the Middle East. There will continue to be a large amount of foreign investment into Iran if the country stays true to its word about abiding by the Nuclear Deal. This will hopefully alleviate some of the poverty that is plaguing the country, as well create a source of return for investors.

## **Boeing in Iran**

Pat Dunne

Recently, Boeing agreed to sell up to 60 planes to Iran, though the deal still needs a signoff from the U.S. Treasury's Office of Foreign Assets Control. This marks the first major deal between a U.S. company and an Iranian one since the inauguration of President Donald Trump, an outspoken critic of closer ties with Tehran. Boeing signed the agreement with privately owned Iran Aseman Airlines for the sale of 30 Boeing 737 Max single-aisle planes, with options for another 30, for a total list price of \$6 billion. Boeing has emphasized the job-creating potential of any new plane orders, including those from Iran, and remarked that "an aerospace sale of this magnitude creates or sustains approximately 18,000 jobs" in the U.S. If Trump signals support for the Boeing deal - or simply doesn't criticize it, - that may encourage other American executives to push ahead in other fields.

## **OPEC Update**

Mo Lawal

Saudi Arabian officials have told OPEC of their desire to continue oil production cuts ahead of the next meeting between member countries on May 25<sup>th</sup>. Saudi Arabia plans to cut production for at least the next six months after the meeting in Vienna. According to the Wall Street Journal, OPEC production cuts over the course of 2016 helped raise oil prices around 20%. Since then, however, prices have largely remained unchanged from the cutback in supply, and OPEC countries are struggling to clear their inventories. A major catalyst behind the price stagnation was the U.S. deciding to ramp up output as a result of more favorable oil prices. Saudi Arabia, OPEC's biggest producer, is feeling most of the economic pressures of reduced oil revenues by production by hundreds of thousands of barrels per day while having to provide military resources for the war in Yemen. Though OPEC ministers are expected to extend cuts, a key country to watch is Russia. As the world's biggest producer of crude oil and a country that is very reliant on its oil companies, Russia will have to weigh the economic burden of extending their production cuts with navigating a market that is far from equilibrium.

## **US Inflation tops 2% target**

Pat Dunne

Inflation in the U.S. and other advanced economies had been subdued in the wake of the 2007-09 recession and further impacted by dampened global oil prices and a rise in the value of the dollar. Yet, Federal Reserve officials recently announced that inflation has topped 2% for the first time in almost five years, a healthy signal for the economy by showing that excess capacity and high unemployment that long held inflation near historically low levels have finally abated. The Fed uses the personal-consumption expenditures price index as an inflation gauge and doesn't expect inflation to rise much further.

## **Markets Resilient With Planned Parenthood Cuts**

Jake Gans

On Monday, Vice President Mike Pence broke a very controversial order so that states can cut funding of Planned Parenthood and other organizations promoting abortions, if they so choose. This was in response to Obama's executive order, which became official in the final days of his presidency. The order intended to stop state attempts to prevent Planned Parenthood — and other health clinics that offer abortion services — from receiving reimbursement for the medical services it provides to Medicaid patients and other low income individuals. With Pence's third tie-breaking vote in two months, the country is exactly where it is at a year ago- giving states the ability to create their own bans.

This act is Trump's first administrative Pro-Life stance and is consistent with his stance on deregulation at the federal level. Domestic markets keep rallying with the promise of deregulation to all aspects of the bureaucracy, such as the EPA. Will the "trimming of the fat" be truly good for the nation? We shall see.

### **Tesla**

Brandon Atkins

Tesla, whose reach spans auto making, solar panel manufacturing, and energy storage, was briefly the most valuable U.S. automaker. On Monday, April 10<sup>th</sup>, Tesla Inc. shares closed at \$312.29, indicating a market capitalization of roughly \$51.5 billion dollars, which surpassed General Motors' \$50.2 billion and Ford's \$44.6 billion. Tesla is known for having great customer service in its automotive sector, but similar to Facebook, Tesla's stock is able to keep climbing due to powerful investors who believe in both the company and the CEO's vision for the future. Investors seem to value a great CEO equally if not more than the financials of certain companies such as Amazon and Tesla. For example, in 2016 alone Tesla lost \$675 million dollars, but is currently the most valuable US automaker, outshining companies that have been around for over a century and have large profits.

### **Uber**

Brandon Atkins

Uber, the ride sharing app, has had a great amount of trouble in the last couple of months, and is losing its top executives quickly. For example, Uber President Jeff Jones just recently stepped down, and six other top executives have recently done the same, all in just nine short weeks. The reason for this is because Uber is currently facing many sexual harassment allegations, boycotts which have become viral through social media, and suspicious leadership practices. Also, due to increased competition with companies such as Lyft, Uber has lost about 6% of its market share. The company had initial plans of going public in 2017, and because of these occurrences, it will be interesting to see if they still decide to follow through.

## The Google Gap

Colby Schofield

The Department of Labor recently announced that a systematic pay difference exists between men and women working at Google. Since Google is a federal contractor, the Department is investigating whether the company is abiding by employment laws and regulations. The tech industry as a whole has been under scrutiny because of its large percentage of white and Asian male employees, especially in the most powerful positions of companies. While there may be a large disparity in employee representation, Google claims that the firm does not have a gender gap. In an economy where equal pay is continuously discussed and closely examined, time will tell whether there is a systemic pay gap between male and female employees at Google.