



Portfolio Manager Weekly Meeting Notes

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 **OLD NATIONAL**
Wealth ManagementSM

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“Don’t mistake movement for achievement. It’s easy to get faked out by being busy. The questions is: “Busy doing what?””

Jim Rohn

President Trump has so far signed two executive orders and eight memorandums with a few more planned for the remainder of the week. During his first two full working days in office, technically days 3 and 4 of his presidency, he has:

- 1) Allowed federal agencies to wave requirements of the Affordable Care Act to the “maximum extent permitted by law.” The order also seeks “prompt repeal” of the ACA.
- 2) A freeze on all regulations now in process but not yet approved including many signed by Obama during his final weeks in office.
- 3) A memorandum preventing federal monies from funding any organization that provides or supports “coercive abortion or involuntary sterilization.” Otherwise known as the Mexico City Policy.
- 4) A memorandum withdrawing the United States from Trans-Pacific Partnership negotiations and from signing the agreement.
- 5) A federal hiring freeze with exceptions for the military and critical public safety positions.
- 6 & 7) Executive orders to make it easier to start construction of the Keystone pipeline and for the completion of the Dakota Access pipeline.
- 8) A memorandum requiring that the above pipelines must use “materials and equipment produced in the United States, to the maximum extent possible.”
- 9) A memorandum directing executive departments and agencies to support the expansion of manufacturing in the United States through expedited reviews and approvals of permits.
- 10) An executive order to “streamline and expedited environmental reviews and approvals for all infrastructure projects.” Particularly those including port facilities, airports, pipelines, bridges, and highways.

We expect more executive orders this week regarding immigration and border security.

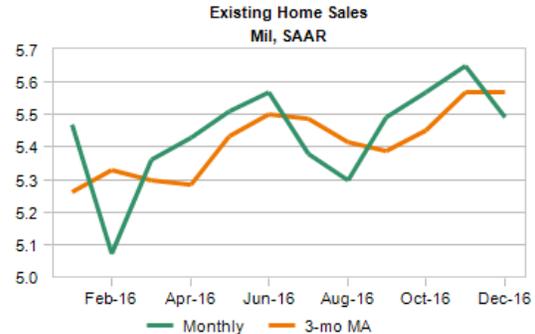
According to the Justice Department, executive orders, and executive actions including directives and memorandums all have the same legal weight, but fall short of being actual law.

Jobless Claims

- Initial jobless claims fell 15,000 last week to 234,000 and continuing claims dropped 47,000 to 2.05 million. Not much new data here. Nineteen states reported an increase in filings of at least 1,000 including New York, Georgia, and Texas. Ten states reported a decline of at least 1,000 claims including New Jersey and Michigan.

Housing Constrained by Labor and Supply

- Housing starts increased 11.3% in December led by a 57% increase in multifamily starts. Single family starts actually declined 4% to 795,000 annual units, and completions fell 7.9% to 1.123 million.
- On an annual basis, multifamily construction is up 10.3% since December 2015 while single family construction is up 3.9% year over year.
- Permits declined 2,000 to 1.210 million due to a large drop in multifamily permits while single family permits increased slightly.
- The inventory to completions ratio is now at 20 months. It's not an all-time high, but it is a current cyclical high. The industry is close to full capacity and the entire industry is over extended. Wages in construction are rising and are averaging over \$1,000 per week, which should attract new workers.
- Existing home sales declined a bit in December to an annual rate of 5.49 million from 5.65 million in November. That's a 2.8% month over month decline, but up 0.7% from last December. Months supply has contracted to 3.6 months and the median price is 4% higher than last year at \$232,200.



Source: Moody's

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