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Heads and Tails in the Credit Markets

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This week's commentary – Heads and Tails – was inspired by the discovery of a two headed snake in the Pine Barrens of New Jersey. We're not sure if this is a good omen or a bad one. But there's evidence of both in the credit markets today.

Public markets remain buoyed by the prospect of trade talks with China, as evidenced by near-record highs on the major equity indices. On the other hand, generally lower interest rates seem to signal both another Fed rate cut – and an economic slowdown – could be around the corner.

Like our NJ snake, nicknamed Double Dave, investors are of two minds: Stick with the search for yield, even if that brings greater risk? Or go to cash and wait until things becomes a bit clearer…

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