



ESTABLISHED 1876  
ASSET MANAGEMENT

**The US government has reopened!** Going into the debt ceiling deadline, we had expectations that it would not negatively affect markets in the short term, based on historical market performance during prior shutdowns. After coming down to the wire, the government has once again kicked the can further down the road.

- Government was reopened, and will stay open, at least through January 15th
- Government will be able to issue more debt through February 7th
- A committee was set up to develop a plan for long-term fiscal solutions, set for December 13th
- No significant changes to health-care law; but does include one minor change, setting new procedures to verify the incomes of some people receiving government subsidies for health-insurance costs
- USA today reports that political uncertainty may be costing the US economy up to \$40 billion annually and without this added drag, the current unemployment rate could have been as low as 6.6%, compared to its actual level of 7.3% today
- We do not expect tapering to begin until next year as Bernanke will be transitioning out of his role as Fed Chairman, the data upon which the Fed will base its decision will be delayed and/or unreliable due to the shutdown, and the debt ceiling and budget debate will continue to be an issue again in January/February 2014

Overall, while we are happy the government is back up and running and the debt ceiling has been raised, the continued uncertainty has made it difficult for both corporations and investors to put capital to work.

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