

Voya Global Perspectives

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As of March 20, 2020

Investment Weekly

Commentary and Statistics

- Despite massive central bank interventions, global stock markets generally fell for the week; the major U.S. indexes sustained losses approaching 14%. Investor sentiment further deteriorated as coronavirus cases increased and new containment measures ratcheted up fears of economic recession. Worries about earnings headwinds continued to turn into solvency concerns. In the rearview mirror, however, 4Q19 S&P 500 index earnings posted a 3.1% growth rate compared to one year ago.
- On Monday morning, the Federal Reserve announced a package of liquidity measures that positively surprised markets and turned futures up. It was a big program, including virtually unlimited purchases of U.S. Treasuries and mortgage-backed securities, the establishment of facilities to buy corporate bonds and municipal bonds and more. The upturn was short-lived, however: stocks fell back due to the continuing Senate stalemate that was slowing a fiscal stimulus plan for the U.S. economy. Discussion continues on measures such as loans to small businesses, including restaurants, to keep them solvent with “forgivable loans.” It is critical to the financial markets that some form of this fiscal stimulus pass soon.
- Liquidity concerns flared as investors around the world sought cash, and a shortage of U.S. dollars became a global issue. On Thursday, the Federal Reserve announced it would lend billions of dollars virtually interest-free to seven central banks including South Korea and Australia; on top of setting up “swap” lines of credit with the European Central Bank and Bank of Japan.
- The Fed also intervened to shore up money market funds, cut the fed funds rate to near zero and announced it will establish a Commercial Paper Funding Facility (CPFF) to facilitate the flow of credit to households and businesses.

Index Prices (\$)		
Index	03/20/20	12/31/19
Dow Jones Industrial Average	19,174	28,538
S&P 500 Index	2,305	3,231

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-17.29	-24.43	-32.41	-32.21
S&P 500 Index	-14.95	-21.87	-28.33	-28.09
MSCI ACWI Index	-11.92	-22.42	-29.42	-29.09
Russell 2000 Index	-16.14	-31.24	-39.04	-39.12
Russell MidCap Index	-18.13	-29.30	-35.96	-35.87
Bloomberg Barclays U.S. Aggregate Index	-2.29	-3.61	0.01	0.17
Bloomberg Barclays High Yield Bond Index	-10.17	-16.96	-18.11	-17.96
United States 20-Year Treasury Bond	-0.43	1.19	15.70	15.18
S&P/LSTA Senior Loan Index	-12.27	-18.23	-19.65	-19.55

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-12.50	-22.19	-27.61	-26.96
Consumer Staples	-11.17	-12.93	-19.70	-19.86
Energy	-19.63	-43.41	-57.00	-56.62
Financials	-17.95	-28.94	-38.52	-38.34
Health Care	-13.03	-14.69	-22.54	-22.66
Industrials	-18.38	-30.17	-36.96	-36.98
Materials	-12.57	-22.97	-33.79	-33.08
Real Estate	-22.92	-25.98	-29.69	-28.78
Technology	-15.23	-19.15	-22.07	-21.38
Communication Services	-12.25	-19.22	-23.64	-24.12
Utilities	-17.15	-23.19	-26.17	-26.09

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	-16.4	Large Value	-34.7	Large Value	-34.6
Large Growth	-14.3	Large Growth	-23.7	Large Growth	-23.4
Mid Value	-19.7	Mid Value	-40.0	Mid Value	-39.8
Mid Growth	-16.0	Mid Growth	-29.9	Mid Growth	-30.0
Small Value	-17.6	Small Value	-42.8	Small Value	-42.9
Small Growth	-14.9	Small Growth	-35.4	Small Growth	-35.5

Large Value: Russell 1000 Value
MidCap Value: Russell MidCap Value
Small Value: Russell 2000 Value

Large Growth: Russell 1000 Growth
MidCap Growth: Russell MidCap Growth
Small Growth: Russell 2000 Growth

Global Market Returns (%)	One Week	MTD	YTD	3-Months
Bloomberg Barclays Global Aggregate Bond Index	-3.77	-5.17	-3.31	-2.72
MSCI EAFE Index	-5.76	-22.78	-31.21	-30.87
MSCI United Kingdom Index	-7.96	-27.14	-38.26	-37.61
MSCI Europe ex-U.K. Index	-4.11	-22.67	-30.57	-30.25
MSCI Japan Index	-3.54	-18.70	-27.13	-26.97
MSCI AC Asia ex-Japan Index	-8.71	-16.70	-22.69	-22.06
MSCI Emerging Markets Index	-9.79	-20.00	-27.74	-27.13
JPM EMBI+ Emerging Markets Bond Index	-8.67	-16.37	-15.60	-15.27
FTSE EPRA/NAREIT GRE Index	-21.81	-32.39	-37.69	-36.57

Source: FactSet

Together, those measures helped to calm the short-term credit markets.

- The run on U.S. dollars exacerbated a backup in sovereign bond yields, which confounded expectations that bonds would function as a “safe-haven” asset class. Yields rose in choppy fashion throughout the week but declined across the curve on Friday in response to the Fed moves. The ten-year U.S. Treasury yield started the week at 0.95%, climbed to 1.29% but subsided to 0.94% by the close.
- The U.S. dollar gained against most currencies. Oil prices ended the week below \$23 per barrel, falling in reaction to recession fears and the ongoing supply feud between Russia and Saudi Arabia. Gold fell from \$1,517 per ounce to about \$1,485.

Bond Rates (%) as of:	03/20/20	03/13/20	12/31/19	12/20/19
U.S. Federal Funds Target Rate	0.25	1.25	1.75	1.75
U.S. Two-Year Treasury Yield	0.37	0.50	1.56	1.63
U.S. 10-Year Treasury Yield	0.94	0.95	1.91	1.92
U.S. 30-Year Treasury Yield	1.55	1.56	2.38	2.35
High Yield (Merrill U.S. Corporates)	8.76	6.70	4.81	4.79

Commodity Prices as of:	03/20/20	03/13/20	12/31/19	12/20/19
Gold (USD/oz)	1,484.60	1,516.70	1,523.10	1,480.90
Crude Oil (USD/bbl)	22.63	31.73	61.06	60.44
Gasoline (USD/gal)	2.48	2.60	2.75	2.73
Copper (NYM \$/lbs)	2.19	2.47	2.79	2.81

Exchange Rates as of:	03/20/20	03/13/20	12/31/19	12/20/19
\$ per €	1.07	1.11	1.12	1.11
\$ per £	1.17	1.24	1.32	1.30
¥ per \$	111.34	107.16	108.68	109.46

Index Definitions

Bloomberg Barclays Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Bloomberg Barclays High Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Bloomberg Barclays U.S. Aggregate Index is a bond market index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

FTSE EPRA/NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets’ equity performance, excluding the U.S. & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the United Kingdom.

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the United Kingdom.

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

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Past performance is no guarantee of future results.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 23 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than \$50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on the Nasdaq Stock Market including over 2,800 securities.

Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Russell MidCap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Russell MidCap Value Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Russell 2000 Value Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities market, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 67 industries.

Economic Release Calendar

Monday, March 23	Tuesday, March 24	Wednesday, March 25	Thursday, March 26	Friday, March 27
Markit/JMMA PMI Manufacturing (Mar) Japan	Markit PMI Manufacturing (Mar) Germany Markit PMI Services (Mar) Germany Markit PMI Manufacturing (Mar) U.S. Markit PMI Services (Mar) U.S. New Home Sales (Feb) U.S.	Ifo Current Assessment (Mar) Germany Ifo Business Climate (Mar) Germany CPI Core (Feb) U.K. Durable Orders (Feb) U.S. FHFA Home Price Index (Jan) U.S.	GfK Consumer Confidence (Apr) Germany CPI Tokyo (Mar) Japan GDP SAAR (4Q19) U.S. Initial Claims (Mar 21) U.S.	Personal Consumption Expenditure (Feb) U.S. Personal Income (Feb) U.S. Michigan Sentiment (Mar) U.S.

Source: FactSet

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