

As of June 21, 2019

## Investment Weekly

## Commentary and Statistics

- Stocks marked their third straight week of gains, with help from supportive central bank messaging. The energy sector outperformed, boosted by a rally in crude oil amid U.S.-Iran tensions. The consumer discretionary sector underperformed. Treasuries were stronger this week, with the yield curve steepening again; the ten-year note yield briefly dipped below 2%, settling at 2.06%. The U.S. dollar came under pressure. Gold increased, as did oil.
- There were dovish takeaways from this week's Federal Open Market Committee (FOMC) meeting. The FOMC left rates unchanged at 2.25-2.50%, scrapped its "patient" language and flagged increased uncertainty about the outlook. Fed Chairman Jerome Powell's statement noted the Committee saw a stronger case for more accommodation. European Central Bank President Draghi said at the annual ECB forum that if the outlook didn't improve, additional stimulus would be needed. Draghi added that further cuts of interest rates and mitigating measures remain part of the ECB's toolkit.
- Upcoming talks between President Trump and Chinese President Xi are not expected to resolve major disagreements, though they could mark a new phase in the negotiations. This created some momentum in the market. During the week, Iran used a missile to shoot down a U.S. surveillance drone that it claimed had encroached on Iranian airspace. Though President Trump suggested the downing was "unintentional," his provocative response to the incident weighed on the markets and catapulted oil prices upward. On Friday, Washington came close to launching a retaliation against Iran but it was called off at the last minute.

Index Prices (\$)		
Index	06/21/19	12/31/18
Dow Jones Industrial Average	26,719.13	23,327.46
S&P 500 Index	2,950.46	2,506.85

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	2.41	7.79	15.92	3.53
S&P 500 Index	2.22	7.34	18.87	3.88
MSCI ACWI Index	2.42	6.48	16.48	2.85
Russell 2000 Index	1.80	5.84	15.64	-0.47
Russell MidCap Index	1.80	6.70	21.16	3.48
Bloomberg Barclays U.S. Aggregate Index	0.44	0.82	5.66	3.44
Bloomberg Barclays High Yield Bond Index	1.01	2.30	9.97	2.78
United States 20-Year Treasury Bond	0.07	0.11	9.80	7.65
S&P/LSTA Senior Loan Index	0.13	0.22	6.84	1.31

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	1.39	8.15	22.26	5.39
Consumer Staples	0.20	6.28	17.35	6.37
Energy	5.16	9.10	12.95	-4.63
Financials	0.40	5.16	15.51	4.99
Health Care	3.13	7.88	9.33	1.99
Industrials	2.68	7.49	20.98	3.79
Materials	0.26	10.02	15.48	3.72
Real Estate	0.95	4.43	23.57	5.88
Technology	3.34	9.34	27.37	4.78
Communication Services	2.72	5.12	20.07	3.50
Utilities	1.17	5.55	17.18	5.93

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	1.8	Large Growth	2.6	Large Value	2.9
Mid Value	1.7	Large Growth	22.3	Large Growth	4.5
Small Value	1.1	Mid Value	17.6	Mid Value	2.5
		Mid Growth	26.2	Mid Growth	4.8
		Small Value	11.8	Small Value	-1.0
		Small Growth	19.3	Small Growth	0.0

**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	0.87	1.74	5.07	3.08
MSCI EAFE Index	2.22	5.26	13.73	2.32
MSCI United Kingdom Index	1.58	4.35	12.26	-1.04
MSCI Europe ex-U.K. Index	2.91	6.69	16.98	4.10
MSCI Japan Index	0.82	3.23	7.41	0.23
MSCI AC Asia ex-Japan Index	4.06	5.83	9.97	-1.54
MSCI Emerging Markets Index	3.84	5.86	10.28	-0.70
JPM EMBI+ Emerging Markets Bond Index	1.80	3.40	10.99	4.22
FTSE EPRA/NAREIT GRE Index	0.94	3.52	16.71	2.36

Source: FactSet

- The Philadelphia Fed Manufacturing Business Outlook Survey fell from 16.6 in May to 0.3 in June. The Empire State Manufacturing index fell a record 26.4 points to -8.6. The May ISM manufacturing index fell to its lowest level since October 2016. The June NAHB housing market index came in below expectations, a reflection of rising development, construction costs and trade concerns. The IHS Markit Flash Manufacturing Purchasing Managers Index (PMI) dropped to 50.1 in June, the lowest reading since September 2009. Eurozone PMI increased, but Japan's PMI fell once again, due to waning demand at home and abroad.

Bond Rates (%) as of:	06/21/19	06/14/19	12/31/18	03/21/19
U.S. Federal Funds Target Rate	2.50	2.50	2.50	2.50
U.S. Two-Year Treasury Yield	1.78	1.85	2.50	2.41
U.S. Ten-Year Treasury Yield	2.07	2.09	2.69	2.54
U.S. 30-Year Treasury Yield	2.59	2.59	3.02	2.96
High Yield (Merrill U.S. Corporates)	5.68	5.98	7.37	6.10

Commodity Prices as of:	06/21/19	06/14/19	12/31/18	03/21/19
Gold (USD/oz)	1,400.10	1,344.50	1,281.30	1,307.30
Crude Oil (USD/bbl)	57.43	52.51	45.41	59.98
Gasoline (USD/gal)	2.92	2.98	2.50	2.70
Copper (NYM \$/lbs)	2.71	2.63	2.63	2.90

Exchange Rates as of:	06/21/19	06/14/19	12/31/18	03/21/19
\$ per €	1.13	1.12	1.14	1.14
\$ per £	1.27	1.26	1.27	1.31
¥ per \$	107.70	108.43	109.72	110.86

## 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, June 24	Tuesday, June 25	Wednesday, June 26	Thursday, June 27	Friday, June 28
<b>Chicago Fed National Activity Index (May)</b> U.S.	<b>Manufacturing Business Climate Index (June)</b> France	<b>Durable Orders (May)</b> U.S.	<b>Continuing Jobless Claims (June)</b> U.S.	<b>Consumer Spending (May)</b> France
<b>Dallas Fed Index (June)</b> U.S.	<b>Consumer Confidence (June)</b> U.S.	<b>Durable Shipments (May)</b> U.S.	<b>GDP (1Q19)</b> U.S.	<b>GDP (1Q19)</b> U.K.
	<b>New Home Sales (May)</b> U.S.	<b>Exports (May)</b> Japan	<b>Initial Claims (June)</b> U.S.	<b>Personal Consumption Expenditure (May)</b> U.S.
		<b>Imports (May)</b> Japan	<b>Industrial Production (May)</b> Korea	<b>Chicago PMI (June)</b> U.S.
			<b>CPI Tokyo (June)</b> Japan	<b>U. of Michigan Sentiment (June)</b> U.S.

Source: FactSet

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