

Voya Global Perspectives

Markets. Insights. Opportunities.®

As of August 17, 2018

Investment Weekly

Commentary and Statistics

- U.S. stocks gained through a choppy week. Trade tensions and Turkish lira weakness stoked fears of emerging market contagion, driving an early pullback. Then upbeat earnings and strong economic reports reassured investors, leading to a late U.S. rally. By contrast, markets finished down in Europe and were mixed in Asia. Oil and gold prices declined. The 10-year U.S. Treasury yield rose and fell in counterpoint to falling and rising investor sentiment, ending the week about where it started.
- Advance estimates of U.S. retail sales for July totaled \$507.5 billion, up 0.5% from June and 6.4% above July 2017. Sales for May through July 2018 were up 6.3% versus the same period a year ago.
- The University of Michigan survey of consumer sentiment slipped to 95.3 in August, its lowest level since September. The decline was concentrated among households in the bottom third of the income distribution and reflected less favorable perceptions of market prices, particularly homes, household durables and vehicles.
- U.S. industrial production rose by 0.1% in July vs. June. Manufacturing output rose but weakness in the mining and utility sectors held down the overall reading. Compared to a year ago, production was up 4.2%. U.S. productivity increased 2.9% in 2Q18, ahead of the 2.5% consensus and the fastest in three years. Unit labor costs unexpectedly declined 0.9%.
- The Empire State manufacturing index rose to 25.6 in August, a 10-month high. (Any reading above zero indicates improving conditions.) Firms remained upbeat about the six-month outlook, but less so than earlier in the year. By contrast, the August Philadelphia Fed survey indicated slower manufacturing growth for that region. Still, most forward-looking indicators improved.

Index Prices (\$)		
Index	08/17/18	12/31/17
Dow Jones Industrial Average	25,669.32	24,652.00
S&P 500 Index	2,850.13	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	1.48	1.24	5.36	4.43
S&P 500 Index	0.66	1.36	7.92	5.28
Russell 2000 Index	0.40	1.40	11.08	4.49
Russell MidCap Index	0.80	1.24	6.19	4.01
Bloomberg Barclays U.S. Aggregate Index	-0.02	0.50	-1.10	1.90
Bloomberg Barclays High Yield Bond Index	0.02	0.30	1.56	1.71
United States 20-Year Treasury Bond	-0.13	1.17	-3.37	4.64
S&P/LSTA Senior Loan Index	0.07	0.29	3.06	1.15

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-0.20	1.14	14.85	7.48
Consumer Staples	3.31	2.77	-2.19	11.38
Energy	-3.42	-5.68	2.17	-6.99
Financials	0.62	0.75	1.73	0.32
Health Care	1.65	2.49	11.28	10.25
Industrials	1.51	-0.77	1.50	2.27
Materials	-0.44	-2.07	-2.28	-1.56
Real Estate	3.04	2.69	4.64	12.13
Technology	-0.11	3.04	16.63	5.84
Telecom	3.65	5.46	-1.10	10.65
Utilities	2.85	3.07	5.33	12.33

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value 0.9	Large Growth 0.3	Large Value 2.9	Large Growth 12.9	Large Value 3.4	Large Growth 6.9
Mid Value 1.1	Mid Growth 0.4	Mid Value 3.2	Mid Growth 10.0	Mid Value 3.6	Mid Growth 4.5
Small Value 0.7	Small Growth 0.1	Small Value 8.4	Small Growth 13.6	Small Value 4.1	Small Growth 4.8

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	-0.07	-0.45	-2.07	-0.16
MSCI EAFE Index	-1.10	-3.70	-3.66	-5.30
MSCI United Kingdom Index	-1.49	-4.54	-4.68	-7.36
MSCI Europe ex-U.K. Index	-1.31	-5.05	-4.29	-5.68
MSCI Japan Index	-0.79	-1.45	-2.88	-4.91
MSCI AC Asia ex-Japan Index	-3.47	-4.29	-7.90	-8.71
MSCI Emerging Markets Index	-3.68	-5.81	-9.92	-9.35
JPM EMBI+ Emerging Markets Bond Index	0.09	-1.61	-4.83	0.00
FTSE EPRA/NAREIT GRE Index	0.93	-0.02	0.82	3.32

Source: FactSet

- The National Association of Home Builders Housing Market Index (HMI) read 67 for August, down slightly from July. Builders continued to report strong demand for new housing but increasingly focused on affordability concerns.
- The NFIB small business optimism index rose from 107.2 in June to 107.9 in July, marking the second highest level in the survey's 45-year history.
- China's industrial output expanded by 0.48% in July compared to June. Japan's industrial production decreased 1.8% month-over-month in June.

Bond Rates (%) as of:	08/17/18	08/10/18	12/31/17	05/17/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.62	2.60	1.89	2.57
U.S. Ten-Year Treasury Yield	2.87	2.86	2.41	3.11
U.S. 30-Year Treasury Yield	3.03	3.02	2.74	3.25
High Yield (Merrill U.S. Corporates)	6.36	6.36	5.59	6.42

Commodity Prices as of:	08/17/18	08/10/18	12/31/17	05/17/18
Gold (USD/oz)	1,184.20	1,219.00	1,309.30	1,289.40
Crude Oil (USD/bbl)	65.91	67.63	60.42	71.49
Gasoline (USD/gal)	2.99	3.00	2.66	3.06
Copper (NYM \$/lbs)	2.62	2.73	3.28	3.08

Exchange Rates as of:	08/17/18	08/10/18	12/31/17	05/17/18
\$ per €	1.14	1.14	1.20	1.18
\$ per £	1.27	1.28	1.35	1.35
¥ per \$	110.46	110.72	112.65	110.83

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, August 20	Tuesday, August 21	Wednesday, August 22	Thursday, August 23	Friday, August 24
Construction Output (Jun) Euro Zone	Machine Tool Orders (Jul) Japan	All Industry Activity Index (Jun) Japan Existing Home Sales (Jul) U.S. FOMC Meeting Minutes (Jul/Aug) U.S. Nikkei Japan PMI Mfg (Aug) Japan	Leading & Coincident Indexes (Jun) Japan Markit Eurozone Composite PMI (Aug) Euro Zone FHFA House Price Index (Jun) U.S. Markit US Composite PMI (Aug) U.S. New Home Sales (Jul) U.S.	Durable Goods Orders (Jul) U.S.

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Past performance is no guarantee of future results.

Voya Investment Management

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. Voya IM managed approximately 209 billion¹ in assets across Fixed Income, Senior Loans, Equities and Multi-Asset Strategies & Solutions. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

Voya IM's award-winning culture is deeply rooted in a client-centric approach to helping investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, and individual investors. Reliability is why our clients hire us and it is why they trust us to navigate the path ahead.



83% of our assets outperformed their benchmark on a 10-year basis.²

85% of the time our portfolios outperformed their benchmark on a rolling 5-year basis.³

87% of the time our portfolios outperformed their benchmark on a rolling 7-year basis.³

Past performance does not guarantee future results.

¹As of 06/30/18. Voya Investment Management assets are calculated on a market value basis and include proprietary insurance general account assets of \$59 billion. The decline from \$227 billion as of 03/31/18 was largely due to the 06/01/18 closing of Voya Financial's sale of the majority of its annuities businesses, which resulted in a net \$18 billion transfer of assets. ²Above benchmark metrics are calculated on an annualized, gross-of-fees basis and include mutual funds as well as pooled and separately-managed institutional portfolios that fall within our traditional (long-only) commercial book of business that remain open as of 06/30/18. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed. ³Metrics are based on observations of rolling 5-year or 7-year annualized returns over the last 30 months, calculated on an annualized, gross-of-fees basis, and includes mutual funds as well as pooled and separately-managed institutional portfolios that fall within our traditional long-only commercial book of business that remain open as of 06/30/18. If terminated and other accounts had been included, results may have differed from that shown. Source of performance returns is Voya Investment Management, and further detailed information regarding these calculations is available upon request.

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