

Voya Global Perspectives

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As of January 4, 2019

Investment Weekly

Commentary and Statistics

- The first week of the New Year brought choppiness and stress to the global markets, but ended on an upbeat note. Manufacturing slumps in China, Europe and the United States put investors on alert for slowing economic activity. Trade uncertainty exacerbated the edginess after Apple cut revenue expectations for the first time in over 15 years, citing weakening iPhone sales in China.
- Markets rebounded firmly on Friday, however, taking a boost from comments by Federal Reserve Chairman Jerome Powell that the Fed will be “patient” as the economy evolves, and that it is listening to the market’s concerns. On the economic front, December’s nonfarm payrolls report strongly surpassed expectations. China stayed in the mix as its central bank cut the reserve rate and promised other policy fine-tuning measures.
- Brent crude and gold prices rose modestly. Bond prices fell after the strong jobs report. The widely watched 10-year U.S. Treasury yield fell to 2.56% midweek, but rose Friday to about 2.67%. The U.S. dollar declined slightly on the week.
- The Labor Department reported that U.S. nonfarm payrolls rose by 312,000 in December, the biggest gain since February. U.S. payrolls have grown for 99 straight months, the longest stretch of steady hiring on record. Average hourly earnings rose 0.4% from November and 3.2% from December 2017, the largest full-year gain in ten years.
- The unemployment rate climbed to 3.9% from 3.7% in November as more people entered the workforce. December’s labor-force participation rate rose to 63.1%, matching its highest level since 2014.

Index Prices (\$)		
Index	01/04/19	12/31/18
Dow Jones Industrial Average	23,433.16	23,327.46
S&P 500 Index	2,531.94	2,506.85

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	1.65	0.50	0.50	-11.47
S&P 500 Index	1.90	1.03	1.03	-12.28
MSCI ACWI Index	1.63	0.96	0.96	-10.81
Russell 2000 Index	3.22	2.40	2.40	-15.83
Russell MidCap Index	2.07	1.13	1.13	-13.08
Bloomberg Barclays U.S. Aggregate Index	0.46	0.21	0.21	2.63
Bloomberg Barclays High Yield Bond Index	1.37	1.21	1.21	-3.14
United States 20-Year Treasury Bond	1.25	0.85	0.85	7.90
S&P/LSTA Senior Loan Index	2.49	2.30	2.30	-2.30

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	3.29	2.18	2.18	-11.39
Consumer Staples	1.39	0.99	0.99	-3.58
Energy	5.03	4.56	4.56	-21.80
Financials	2.79	1.79	1.79	-13.31
Health Care	0.76	-0.62	-0.62	-8.63
Industrials	2.27	1.24	1.24	-17.31
Materials	2.35	1.49	1.49	-11.27
Real Estate	-0.61	-0.79	-0.79	-1.95
Technology	0.15	-0.79	-0.79	-17.20
Communication Services	4.18	3.84	3.84	-8.78
Utilities	-0.04	-0.23	-0.23	0.83

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value 2.1	Large Growth 1.7	Large Value 1.3	Large Growth 0.8	Large Value -11.0	Large Growth -13.9
Mid Value 2.3	Mid Growth 1.7	Mid Value 1.5	Mid Growth 0.6	Mid Value -13.1	Mid Growth -13.1
Small Value 3.5	Small Growth 2.9	Small Value 3.0	Small Growth 1.8	Small Value -14.7	Small Growth -16.9

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	0.65	0.41	0.41	2.49
MSCI EAFE Index	1.43	0.98	0.98	-10.20
MSCI United Kingdom Index	1.85	1.56	1.56	-9.31
MSCI Europe ex-U.K. Index	2.00	1.56	1.56	-10.04
MSCI Japan Index	0.49	-0.15	-0.15	-13.54
MSCI AC Asia ex-Japan Index	-0.99	-1.43	-1.43	-5.94
MSCI Emerging Markets Index	0.25	-0.07	-0.07	-4.04
JPM EMBI+ Emerging Markets Bond Index	1.02	1.06	1.06	1.01
FTSE EPRA/NAREIT GRE Index	0.59	0.19	0.19	-1.57

Source: FactSet

- December ISM manufacturing surprised to the downside. The headline posted 54.1, below November's 59.3. It was the indicator's largest monthly drop in a decade. New orders represented an area of notable weakness. Respondent commentary was cautious and continued to cite China trade uncertainties.
- The Caixin China General Manufacturing PMI index dipped from 50.2 in November to 49.7 in December, into contraction territory for the first time since May 2017.
- Eurozone manufacturing continued to slow in December. The IHS Markit Eurozone Manufacturing PMI index registered 51.4, down from 51.8 in November but still in expansion territory.

Bond Rates (%) as of:	01/04/19	12/28/18	12/31/18	10/04/18
U.S. Federal Funds Target Rate	2.50	2.50	2.50	2.25
U.S. Two-Year Treasury Yield	2.49	2.54	2.50	2.88
U.S. Ten-Year Treasury Yield	2.66	2.74	2.69	3.20
U.S. 30-Year Treasury Yield	2.98	3.04	3.02	3.35
High Yield (Merrill U.S. Corporates)	7.13	7.38	7.37	6.33

Commodity Prices as of:	01/04/19	12/28/18	12/31/18	10/04/18
Gold (USD/oz)	1,285.80	1,283.00	1,281.30	1,201.60
Crude Oil (USD/bbl)	47.96	45.33	45.41	74.33
Gasoline (USD/gal)	2.50	2.54	2.50	3.01
Copper (NYM \$/lbs)	2.65	2.68	2.63	2.77

Exchange Rates as of:	01/04/19	12/28/18	12/31/18	10/04/18
\$ per €	1.14	1.14	1.14	1.15
\$ per £	1.27	1.27	1.27	1.30
¥ per \$	108.13	110.42	109.72	113.71

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, January 7	Tuesday, January 8	Wednesday, January 9	Thursday, January 10	Friday, January 11
Deficit to GDP (3Q18) Italy	Consumer Confidence Index (Dec) Japan	Unemployment Rate (Nov) Eurozone	Leading, Coincident & Lagging Indexes (Nov) Japan	Industrial Production (Nov) Italy
Sentix Investor Confidence (Jan) Eurozone	Consumer Confidence (Dec) Eurozone	FOMC Meeting Minutes (Dec) U.S.	Retail Sales (Nov) Italy	Manufacturing Production (Nov) U.K.
Retail Sales (Nov) Eurozone	Business Climate Indicator (Dec) Eurozone	PPI (Dec) China	Bloomberg Consumer Comfort (Jan 6) U.S.	GDP (Nov) U.K.
Durable Goods Orders (Nov) U.S.	NFIB Small Business Optimism (Dec) U.S.	CPI (Dec) China	Wholesale Inventories (Nov) U.S.	CPI (Dec) U.S.
ISM Non-Mfng Index (Dec) U.S.	JOLTS Job Openings (Nov) U.S.		Household Spending (Nov) Japan	Real Avg Hourly Earnings (Dec) U.S.

Source: Bloomberg

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