

# Voya Global Perspectives

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As of October 27, 2018

## Investment Weekly

### Commentary and Statistics

- U.S. stocks ended a tumultuous week sharply lower, as mixed earnings throughout the week and concerns that slowdowns in China and Europe could impact the U.S. got the better of investor sentiment versus healthy economic data. Intraday sell-offs and sharp rebounds were the norm, largely driven by internet and technology stocks. With equities whipsawing throughout the week, U.S. Treasuries rallied across the curve.
- With 48% of S&P 500 companies reporting third-quarter results, 77% have exceeded earnings per share (EPS) expectations, while 59% have beaten sales expectations. As of October 26, 2018, FactSet estimated the S&P 500 index's third-quarter earnings growth rate at 19.3% and its 12-month forward P/E ratio at 15.5, below the five-year average of 16.4, but above the ten-year average of 14.5. Tesla impressed the most this week, reporting a historic quarterly profit after seven straight quarters of losses. Elsewhere, Microsoft and Verizon also impressed, while Amazon, Alphabet disappointed.
- The last GDP report before the November 6 elections showed that the U.S. economy grew by 3.5% during the third quarter. Robust consumer spending was the main driver behind the growth, and was strong enough to offset weak business investment and a drop in U.S. exports. Consumer spending rose at a 4.0% annual rate in period, the strongest in nearly four years.
- Meanwhile, October Markit Flash US Manufacturing PMI of 55.9 came in 0.3 points over 55.4 estimates and marks the fastest pace in five months, with new business and employment growth bright spots. However, September advance durable orders were down 1.2% m-o-m, a bit worse than consensus estimates. Also, new home sales fell by the most since December 2016: September new home sales fell 5.5% to a 553K SAAR (est 635K).

Index Prices (\$)		
Index	10/26/18	12/31/17
Dow Jones Industrial Average	24,688.31	24,652.00
S&P 500 Index	2,658.69	2,676.00

Returns (%)				
Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-2.97	-6.60	1.65	-2.76
S&P 500 Index	-3.93	-8.67	0.98	-5.85
MSCI ACWI Index	-3.82	-9.29	-5.43	-8.44
Russell 2000 Index	-3.76	-12.50	-2.42	-12.20
Russell MidCap Index	-4.35	-10.75	-4.09	-9.39
Bloomberg Barclays U.S. Aggregate Index	0.54	-0.34	-1.93	-0.21
Bloomberg Barclays High Yield Bond Index	-0.70	-1.64	0.89	-0.15
United States 20-Year Treasury Bond	1.27	-1.75	-7.57	-2.88
S&P/LSTA Senior Loan Index	-0.16	0.03	4.00	1.31

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-3.18	-12.43	5.65	-7.54
Consumer Staples	-1.36	0.12	-3.22	2.26
Energy	-7.06	-12.14	-5.59	-12.81
Financials	-5.23	-8.37	-8.29	-9.52
Health Care	-4.43	-8.05	7.24	-0.84
Industrials	-5.55	-11.80	-7.53	-8.55
Materials	-4.47	-12.40	-14.80	-14.35
Real Estate	-1.02	-3.47	-1.85	-2.81
Technology	-2.71	-9.52	9.14	-6.89
Telecom	-4.34	-8.45	-7.76	1.42
Utilities	-2.13	1.43	4.18	2.03

#### U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value -4.0	Large Growth -3.9	Large Value -3.7	Large Growth 4.8	Large Value -5.5	Large Growth -6.9
Mid Value -4.4	Mid Growth -4.2	Mid Value -6.3	Mid Growth -1.4	Mid Value -8.6	Mid Growth -10.5
Small Value -3.6	Small Growth -3.9	Small Value -4.1	Small Growth -0.9	Small Value 11.2	Small Growth -13.1

**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	0.28	-0.51	-2.87	-1.26
MSCI EAFE Index	-3.87	-9.86	-10.74	-10.60
MSCI United Kingdom Index	-3.29	-8.84	-11.25	-10.27
MSCI Europe ex-U.K. Index	-3.52	-9.98	-11.42	-11.60
MSCI Japan Index	-4.61	-10.09	-8.39	-8.36
MSCI AC Asia ex-Japan Index	-3.66	-12.44	-17.73	-14.88
MSCI Emerging Markets Index	-3.27	-10.27	-16.90	-13.22
JPM EMBI+ Emerging Markets Bond Index	-0.16	-1.71	-5.11	-2.10
FTSE EPRA/NAREIT GRE Index	-0.85	-4.34	-5.09	-5.52

Source: FactSet

- Elsewhere, making his first major policy speech in Washington, Fed Vice Chair Richard Clarida said that even after the most recent policy decision to raise the Fed Funds rate by 25 bps, monetary policy remains accommodative. He also said that some further gradual adjustment in the policy rate range will likely be appropriate.

Bond Rates (%) as of:	10/26/18	10/19/18	12/31/17	07/26/18
U.S. Federal Funds Target Rate	2.25	2.25	1.50	2.00
U.S. Two-Year Treasury Yield	2.81	2.91	1.89	2.69
U.S. Ten-Year Treasury Yield	3.08	3.20	2.41	2.97
U.S. 30-Year Treasury Yield	3.32	3.38	2.74	3.10
High Yield (Merrill U.S. Corporates)	6.69	6.52	5.59	6.37

Commodity Prices as of:	10/26/18	10/19/18	12/31/17	07/26/18
Gold (USD/oz)	1,235.80	1,228.70	1,309.30	1,225.70
Crude Oil (USD/bbl)	67.59	69.12	60.42	69.61
Gasoline (USD/gal)	3.01	3.03	2.66	2.99
Copper (NYM \$/lbs)	2.74	2.77	3.28	2.80

Exchange Rates as of:	10/26/18	10/19/18	12/31/17	07/26/18
\$ per €	1.14	1.15	1.20	1.17
\$ per £	1.28	1.30	1.35	1.32
¥ per \$	111.44	112.50	112.65	111.06

## 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, October 29	Tuesday, October 30	Wednesday, October 31	Thursday, November 1	Friday, November 2
<b>Dallas Fed Index</b> U.S.	<b>Business Climate</b> Eurozone	<b>CPI EU</b> <b>Harmonized Y/Y (Flash)</b> Eurozone	<b>Weekly Jobless Claims</b> U.S.	<b>Nonfarm Payrolls</b> U.S.
	<b>Consumer Confidence Indicator (Final)</b> Eurozone	<b>Unemployment Rate</b> Eurozone	<b>Markit Manufacturing PMI</b> U.S.	<b>Unemployment Rate</b> U.S.
	<b>Economic Confidence Indicator</b> Eurozone	<b>ADP Employment Survey SA</b> U.S.	<b>ISM Manufacturing Index</b> U.S.	<b>Average Hourly Earnings</b> <b>Trade Deficit</b> U.S.
	<b>Consumer Confidence</b> U.S.			<b>Factory Orders</b> U.S.
	<b>Japan Policy Rate</b> Japan			

Source: Bloomberg

## Earnings Announcements

Monday, October 29	Tuesday, October 30	Wednesday, October 31	Thursday, November 1	Friday, November 2
<b>Itau Unibanco</b> <b>Mondelez International</b> <b>T-Mobile US, Inc.</b> <b>Nintendo Co.</b> <b>Continental AG</b> <b>Avalonbay Comm.</b> <b>First Data Corp.</b> <b>Continental Res.</b> <b>Waste Connection</b>	<b>Facebook, Inc.</b> <b>Pfizer Inc.</b> <b>Mastercard Inc.</b> <b>Coca-Cola Company</b> <b>BP Plc</b> <b>Amgen Inc.</b> <b>General Electric</b> <b>BASF SE</b> <b>Sony Corporation</b> <b>American Tower</b> <b>Baidu, Inc.</b> <b>Aetna Inc.</b>	<b>Sanofi</b> <b>Glaxosmithkline</b> <b>Anthem, Inc.</b> <b>Automatic Data</b> <b>Enterprise Prod.</b> <b>Express Scripts</b> <b>General Motors</b> <b>American International</b> <b>Baxter Internat</b> <b>The Allstate Co</b> <b>Fiserv, Inc.</b> <b>Yum! Brands, Inc.</b> <b>Kellogg Company</b> <b>Sprint Corporation</b>	<b>Apple Inc.</b> <b>Royal Dutch Shell</b> <b>Dow Chemical Co.</b> <b>Starbucks Corp.</b> <b>The Kraft Heinz Co.</b> <b>EOG Resources</b> <b>Shire Plc</b> <b>Cigna Corporation</b> <b>MetLife, Inc.</b> <b>BCE, Inc.</b>	<b>Berkshire Hathaway</b> <b>Alibaba Group</b> <b>Exxon Mobil Corp.</b> <b>Chevron Corp.</b> <b>AbbVie Inc.</b> <b>Duke Energy</b> <b>Enbridge Inc.</b> <b>Amadeus IT Group</b> <b>Imperial Oil</b> <b>Willis Towers</b> <b>Fortis Inc.</b>

Source: Bloomberg

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