

Voya Global Perspectives

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As of October 5, 2018

Investment Weekly

Commentary and Statistics

- The global stock market took investors on a rollercoaster ride for the week. A yield backup was the cause as higher rates whipped up a headwind to sentiment and major Asian, European and U.S. indexes lost ground. Markets did catch tailwinds from a U.S.-Canada trade pact and from Friday's jobs report, which partly allayed inflation concerns.
- Still, traders took the job report as another reason to bet the Federal Reserve would raise interest rates a fourth time this year. Fed funds futures showed an 87% chance of a December hike; U.S. Treasuries weakened across the yield curve, with some curve steepening. The 10-year yield, which started the week at 3.07%, jumped to about 3.24%. The U.S. dollar weakened against the major currencies, and oil and gold prices finished higher.
- The U.S. economy added 134,000 jobs in September, below expectations for 180,000 but pointing toward 2018 as one of the stronger years of job growth since the recession. Unemployment fell to 3.7%, its lowest level in almost 50 years; average hourly earnings rose 2.8% year-over-year. Elsewhere, eurozone unemployment hit its lowest point since late 2008, easing to 8.1% in August 2018 from 8.2% in July.
- Compared to August, global manufacturing indicators were a mixed bag in September. The U.S. ISM manufacturing index fell from 61.3 to 59.8. Markit eurozone manufacturing PMI slipped from 54.6 to 53.2. Nikkei Japan manufacturing PMI came in at 52.5, unchanged from the previous month. By contrast, Markit UK manufacturing PMI unexpectedly rose from 52.8 to 53.8.
- September non-manufacturing ISM came in at 61.6, better than the 58.0 consensus and August's 58.5. In contrast, Markit's services PMI for September came in at 53.5, down from August's 54.8 but better than the 52.9 consensus.

Index Prices (\$)		
Index	10/05/18	12/31/17
Dow Jones Industrial Average	26,447.05	24,652.00
S&P 500 Index	2,885.57	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.00	0.00	8.83	9.20
S&P 500 Index	-0.95	-0.95	9.52	5.95
Russell 2000 Index	-3.78	-3.78	7.29	-2.52
Russell MidCap Index	-2.10	-2.10	5.20	1.86
Bloomberg Barclays U.S. Aggregate Index	-0.94	-0.94	-2.53	-1.05
Bloomberg Barclays High Yield Bond Index	-0.44	-0.44	2.12	2.05
United States 20-Year Treasury Bond	-3.34	-3.34	-9.07	-6.78
S&P/LSTA Senior Loan Index	0.15	0.15	4.12	2.06

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-4.37	-4.37	15.36	3.29
Consumer Staples	-0.89	-0.89	-4.20	3.59
Energy	1.86	1.86	9.46	3.52
Financials	1.59	1.59	1.69	6.12
Health Care	-0.80	-0.80	15.70	11.75
Industrials	0.77	0.77	5.64	10.47
Materials	-0.51	-0.51	-3.23	-0.32
Real Estate	-2.71	-2.71	-1.08	-3.19
Technology	-2.20	-2.20	17.97	5.26
Telecom	-2.20	-2.20	-1.46	5.61
Utilities	1.86	1.86	4.62	2.56

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value 0.1	Large Growth -2.4	Large Value 4.0	Large Growth 14.3	Large Value 5.2	Large Growth 5.7
Mid Value -1.1	Mid Growth -3.6	Mid Value 2.0	Mid Growth 9.4	Mid Value 1.3	Mid Growth 2.7
Small Value -2.4	Small Growth -5.0	Small Value 4.5	Small Growth 9.9	Small Value -2.8	Small Growth -2.2

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	-1.05	-1.05	-3.39	-2.19
MSCI EAFE Index	-2.34	-2.34	-3.30	-0.74
MSCI United Kingdom Index	-2.16	-2.16	-4.75	-3.52
MSCI Europe ex-U.K. Index	-2.72	-2.72	-4.28	-2.05
MSCI Japan Index	-1.36	-1.36	0.51	5.18
MSCI AC Asia ex-Japan Index	-5.24	-5.24	-10.95	-4.72
MSCI Emerging Markets Index	-4.48	-4.48	-11.54	-4.22
JPM EMBI+ Emerging Markets Bond Index	-1.40	-1.40	-4.81	-0.31
FTSE EPRA/NAREIT GRE Index	-3.27	-3.27	-4.04	-4.45

Source: FactSet

- The U.S. and Canada reached a deal to overhaul NAFTA, which includes compromises such as access for U.S. dairy products in Canada and a sunset clause to end after 16 years, though it retains NAFTA provisions for dispute resolution. Autos will cross borders duty-free if they meet a 75% North American content standard, but the agreement does not address steel and aluminum tariffs.

Bond Rates (%) as of:	10/05/18	09/28/18	12/31/17	07/05/18
U.S. Federal Funds Target Rate	2.25	2.25	1.50	2.00
U.S. Two-Year Treasury Yield	2.89	2.82	1.89	2.56
U.S. Ten-Year Treasury Yield	3.23	3.06	2.41	2.84
U.S. 30-Year Treasury Yield	3.40	3.20	2.74	2.95
High Yield (Merrill U.S. Corporates)	6.38	6.34	5.59	6.65

Commodity Prices as of:	10/05/18	09/28/18	12/31/17	07/05/18
Gold (USD/oz)	1,205.60	1,196.20	1,309.30	1,258.80
Crude Oil (USD/bbl)	74.34	73.25	60.42	72.94
Gasoline (USD/gal)	3.01	2.98	2.66	3.02
Copper (NYM \$/lbs)	2.75	2.79	3.28	2.81

Exchange Rates as of:	10/05/18	09/28/18	12/31/17	07/05/18
\$ per €	1.15	1.16	1.20	1.17
\$ per £	1.31	1.30	1.35	1.32
¥ per \$	113.75	113.59	112.65	110.56

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 8	Tuesday, October 9	Wednesday, October 10	Thursday, October 11	Friday, October 12
Sentix Investor Confidence (Oct) Euorzone	NFIB Small Business Optimism (Sep) U.S.	Machine Tool Orders (Sep) Japan Manufacturing Production (Aug) U.K. GDP (Aug) U.K. PPI Final Demand (Sep) U.S. PPI (Sep) Japan	CPI (Sep) U.S. Initial Jobless Claims (Oct 6) U.S. Continuing Claims (Sep 29) U.S.	Industrial Production (Aug) Eurozone Import Price Index (Sep) U.S. Export Price Index (Sep) U.S. U. of Mich. Sentiment (Oct) U.S.

Source: Bloomberg

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