

Voya Global Perspectives

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As of September 7, 2018

Investment Weekly

Commentary and Statistics

- Stocks retreated around the globe after reports the Trump administration might impose more tariffs on Chinese goods; and after strong U.S. jobs growth cemented the likelihood of steadily rising U.S. interest rates. U.S. government bond prices dropped as a result, driving the 10-year U.S. Treasury yield up to 2.94%. Economic slowing in Europe and Asia pushed the U.S. dollar up against a basket of currencies, including the euro and yen.
- Tariffs and threats of tighter regulation beat down technology stocks but did not stop Amazon from becoming the world's second trillion-dollar company. Emerging markets fell into bear territory — defined as a 20% decline from a recent peak — pressured by turmoil in Turkey, a rising U.S. dollar and U.S. interest rates, and by faltering commodity prices. Gold, a non-yield-producing commodity, lost value as yield-bearing instruments became more attractive. Oil prices fell as the summer travel season ended and inventories began to pile up.
- U.S. economic strength showed convincingly in August as employers added 201,000 new jobs, paychecks grew and unemployment held steady at 3.9%. U.S. payrolls have expanded for 95 straight months, extending what already was the longest streak of job growth on record. The August report makes it more likely the Federal Reserve will raise the Fed funds rate at its September policy meeting, and again in December.
- Average hourly earnings rose 10 cents to \$27.16; this amounted to a 2.9% year-over-year increase, the strongest rate since the start of the current economic expansion in 2009. While one might expect this to spur inflation, economists noted that with productivity running at 1.2% over the last six quarters and CPI at 2.9%, there is still no significant wage pressure.

Index Prices (\$)		
Index	09/07/18	12/31/17
Dow Jones Industrial Average	25,916.54	24,652.00
S&P 500 Index	2,871.68	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-0.14	-0.14	6.58	3.29
S&P 500 Index	-0.98	-0.98	8.86	4.16
Russell 2000 Index	-1.57	-1.57	12.47	3.04
Russell MidCap Index	-0.93	-0.93	7.15	3.11
Bloomberg Barclays U.S. Aggregate Index	-0.45	-0.45	-1.40	0.65
Bloomberg Barclays High Yield Bond Index	-0.13	-0.13	1.86	1.57
United States 20-Year Treasury Bond	-1.59	-1.59	-4.51	0.27
S&P/LSTA Senior Loan Index	0.12	0.12	3.40	1.29

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-1.19	-1.19	17.97	5.69
Consumer Staples	1.09	1.09	-3.29	9.32
Energy	-2.18	-2.18	2.47	-4.81
Financials	-0.07	-0.07	2.30	1.48
Health Care	-0.28	-0.28	13.00	9.98
Industrials	0.65	0.65	3.26	2.36
Materials	-0.50	-0.50	-1.16	-1.88
Real Estate	-1.23	-1.23	3.15	5.68
Technology	-2.91	-2.91	17.50	2.88
Telecom	0.07	0.07	-3.29	4.33
Utilities	1.14	1.14	4.51	12.11

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	-0.5	Large Value	3.2	Large Value	3.0
Large Growth	-1.6	Large Growth	14.6	Large Growth	5.0
Mid Value	-0.9	Mid Value	3.0	Mid Value	2.3
Mid Growth	-1.0	Mid Growth	12.7	Mid Growth	4.4
Small Value	-1.4	Small Value	8.3	Small Value	1.0
Small Growth	-1.7	Small Growth	16.5	Small Growth	5.0

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	-0.43	-0.43	-1.94	-0.58
MSCI EAFE Index	-2.83	-2.83	-4.66	-5.23
MSCI United Kingdom Index	-2.30	-2.30	-6.52	-7.68
MSCI Europe ex-U.K. Index	-2.67	-2.67	-4.09	-3.53
MSCI Japan Index	-3.08	-3.08	-4.27	-6.08
MSCI AC Asia ex-Japan Index	-3.25	-3.25	-7.83	-10.89
MSCI Emerging Markets Index	-3.06	-3.06	-9.77	-9.85
JPM EMBI+ Emerging Markets Bond Index	-0.29	-0.29	-5.41	-0.73
FTSE EPRA/NAREIT GRE Index	-1.92	-1.92	-0.36	-1.27

Source: FactSet

- ISM manufacturing PMI rose to 61.3 in August, its highest level in 14 years. New orders, production and employment all increased. By contrast, the final August Markit services PMI read 54.7, down from 55.3 in July.
- Trade tensions pushed down Caixin China General Manufacturing PMI to a 14-month low of 50.6. Nikkei Japan Manufacturing PMI and IHS Markit Eurozone Manufacturing PMI increased slightly. Eurozone PPI increased 0.4% in July, the same as June.

Bond Rates (%) as of:	09/07/18	08/31/18	12/31/17	06/07/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.71	2.63	1.89	2.50
U.S. Ten-Year Treasury Yield	2.94	2.85	2.41	2.93
U.S. 30-Year Treasury Yield	3.10	3.01	2.74	3.08
High Yield (Merrill U.S. Corporates)	6.41	6.36	5.59	6.41

Commodity Prices as of:	09/07/18	08/31/18	12/31/17	06/07/18
Gold (USD/oz)	1,200.40	1,206.70	1,309.30	1,303.00
Crude Oil (USD/bbl)	67.75	69.80	60.42	65.95
Gasoline (USD/gal)	2.96	2.97	2.66	3.13
Copper (NYM \$/lbs)	2.60	2.65	3.28	3.27

Exchange Rates as of:	09/07/18	08/31/18	12/31/17	06/07/18
\$ per €	1.16	1.16	1.20	1.18
\$ per £	1.30	1.30	1.35	1.34
¥ per \$	111.12	110.89	112.65	110.00

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, September 10	Tuesday, September 11	Wednesday, September 12	Thursday, September 13	Friday, September 14
GDP (2Q18) Japan	Employment Change (Jul) U.K.	Industrial Production (Jul) Euro Zone	Bank of England Bank Rate U.K.	Industrial Production (Jul) Japan
CPI (Aug) China	ZEW Survey Expectations (Sep) Euro Zone	Employment (2Q18) Euro Zone	ECB Main Refinancing Rate Euro Zone	Retail Sales Advance (Aug) U.S.
Sentix Investor Confidence (Sep) Euro Zone	NFIB Small Business Optimism (Aug) U.S.	RICS House Price Balance (Aug) U.K.	CPI (Aug) U.S.	Industrial Production (Aug) U.S.
Manufacturing Production (Jul) U.K.	JOLTS Job Openings (Jul) U.S.		Retail Sales (Aug) China	U. of Mich. Sentiment (Sep) U.S.
Monthly GDP 3M/3M (Jul) U.K.			Industrial Production (Aug) China	

Source: Bloomberg

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