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GRINDING HIGHER

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EQUITIES

Data as of: 09/13/2019

Index	Price	WTD%	QTD%	YTD%
DJIA	27219.52	1.57	2.33	16.68
S&P 500	3007.39	0.96	2.23	19.97
Nasdaq	8176.71	0.91	2.13	23.23
Russell 2000	1578.15	4.85	0.74	17.03
Russell 1000 Growth	1622.75	-0.50	2.28	23.44
Russell 1000 Value	1275.99	2.41	1.70	16.67
Comm. Services	172.31	1.47	4.92	24.16
Cons. Disc.	969.05	0.41	2.48	24.00
Cons. Staples	622.72	-0.92	4.25	19.32
Energy	447.81	3.36	-4.98	5.60
Financial Svcs	471.68	3.89	2.78	19.14
Health Care	1055.71	0.19	-1.56	5.45
Industrials	666.21	2.86	2.23	22.88
Info. Tech.	1421.26	-0.39	3.55	30.59
Materials	369.31	3.34	0.59	16.64
Real Estate	240.42	-2.23	-4.40	23.69
Utilities	317.12	0.01	4.65	18.06
MSCI EAFE*	1905.31	0.47	-0.47	10.78
MSCI EM*	1022.33	1.48	-2.33	5.86

* MSCI EAFE and EM values as of 09/12/2019

- **Equities** continued to rise this week, sending the S&P 500 Index back over the 3,000 level and near its record high of 3,027.98 set July 26. Easing trade fears, bold measures from the European Central Bank (ECB), and strong retail sales all helped buoy investment sentiment.
- The United States granted **China** a two-week reprieve for previously announced tariff hikes as a goodwill measure ahead of the 70th anniversary celebration of the People's Republic. China responded with some tariff exemptions and re-committing to U.S. agriculture purchases. News that the Trump administration is considering an interim trade deal added optimism.
- Markets responded positively to bold policy measures from the **ECB** in Mario Draghi's swan song as head of the central bank. The ECB cut its deposit rate by 0.1% to -0.5%, going further into negative territory; restarted quantitative easing with no end date; stated it would maintain these negative rates until inflation nears its target; and lowered its economic growth and inflation forecasts.
- The week's economic calendar was highlighted by accelerating consumer **inflation** and a solid retail sales report. Core Consumer Price Index, which excludes food and energy prices, grew 2.4% year over year in August, the fastest pace since July 2018. Retail sales rose at a better than expected rate of 0.4% in August, underscoring the strong consumer spending environment.

FIXED INCOME, CURRENCIES, AND COMMODITIES

Data as of: 09/13/19

Yield	Latest	EOW	EOQ	EOY
90 Day UST	1.92	1.96	2.12	2.45
2 Yr UST	1.80	1.53	1.75	2.48
10 Yr UST	1.90	1.55	2.00	2.69
30 Yr UST	2.38	2.02	2.52	3.02

Fixed Income	Price	% Return		
		WTD	QTD	YTD
US Agg*	2.37	-1.13	1.50	7.70
US Agg Govt.*	1.82	-1.48	1.54	6.80
US TIPS*	1.96	-1.22	1.12	7.34
Munis*	1.83	-0.64	1.58	6.76
HY Munis*	4.06	-0.41	2.49	9.32
Inv. Grade*	3.06	-1.52	1.89	11.93
High Yield*	6.24	0.25	1.49	11.58
MBS*	2.54	-0.28	1.03	5.24
Global Agg*	1.36	-0.98	0.60	6.21
Intl. Treasuries*	0.16	-0.56	2.97	9.50
JPM EMBI*	5.96	-0.85	-1.28	9.37

Currencies & Commodities	Price	% Change		
		WTD	QTD	YTD
US Dollar	98.2	-0.22	2.13	2.08
EUR/USD	1.11	0.36	-2.63	-3.41
USD/JPY	108.09	1.10	0.21	-1.42
WTI Oil*	55.09	-2.53	-5.88	18.19
Gold*	1507	-0.53	5.73	15.19
Copper*	2.64	0.25	-3.09	-0.57

*Data as of: 09/12/2019

The yield presented refers to the corresponding index except for the U.S. Treasury (UST) data, which is of individual Treasury note securities and not an index. The Currency and Commodity data presented are quotes of the exchange rate. This data is from FactSet.

- This past week was one of reversals, as recent losers became the winners. Small caps staged a strong rally after underperforming large caps for much of 2019. Meanwhile, value **stocks** have trailed their growth counterparts for much of the past 18 months, but they outpaced growth by a sizable margin this week amid strong performance from the financials and energy sectors.
- From a factor perspective, investors rotated out of momentum stocks, which have been primarily growth oriented, and into cyclical value stocks.
- **Global equities** received a boost from the encouraging trade headlines, the ECB stimulus, and some weakness in the U.S. dollar. International developed and emerging market equities slightly outpaced U.S. stocks, with particular strength in Brazil, China, Japan, and South Africa, based on MSCI country indexes.
- **Treasuries** sold off sharply last week, pushing the 10-year Treasury yield sharply higher and steepening the yield curve. These moves took some attention off the bond market as a potential recessionary signal. Low U.S. Treasury yields continue to reflect strong demand for U.S. Treasuries from yield-starved global investors and suggest monetary policy remains too tight given trade uncertainties. The Federal Reserve meets next week.
- Oil fell this week on international inventory concerns, partly related to possible Iran talks. Gold continued to lose some momentum as investors have moved away from perceived safe havens in recent weeks. **U.S. dollar** weakened a bit overall, particularly versus the euro and the British pound.

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