



WEEKLY MARKET MONITOR

ACWI ▼ -2.1% S&P ▼ -2.1% EAFE ▼ -1.9% EM ▼ -2.0% 10-Year Treasury 2.62 %

March 8, 2019

Global Investing Headlines

- Amidst sputtering growth, the European Central Bank (ECB) lowered its growth and inflation outlook, backtracking on monetary policy with a no interest rate hike pledge for 2019 and unleashing targeted long-term loans for banks.
- Hong Kong stepped in for the first time in over 7 months to prop up its currency against the strengthening US dollar.
- Japan's fourth quarter gross domestic product growth was revised to 1.9%, sharply above the initial pace of 1.4%.
- India set the polling dates for parliamentary elections, which will be held in seven phases from April 11 to May 19 to accommodate the roughly 900 million voters. It will ultimately determine who will be the prime minister of India.

Review of the Markets

- The gloomy growth outlook in Europe scuttled the three-week rally for global stocks. European stocks were drubbed the worst, though South Korea was the worst single country performer. The downdraft sucked China down, snapping its eight-week win streak. Australian stocks, on the other hand, largely sidestepped the past week's pain.
- US stocks skidded into their first five-day losing streak for 2019, which halted a five-week rally. Just 2 of the 11 S&P 500 sectors were positive for the week as only the utilities and real estate sectors ended the week upright. Health care, energy and industrials took the brunt of the losses. Yet, all 11 S&P 500 sectors remain solidly positive for 2019.
- Bond yields fell sharply across the board. The 10-year US Treasury yield slid to end the week at 2.62%. After suffering for several weeks, returns for higher quality segments, including US core bonds, municipal bonds and investment grade corporate bonds, scored their best week in over a month. Conversely, high yield corporate bonds were punched with their worst weekly loss of 2019, which ended a solid five-week rally.
- The US Dollar Index surged to a 21-month high after the ECB's policy backtracking knocked the euro lower.
- Commodities declined for a second straight week as three of the four major sectors slumped.

Economic News

- US payrolls added just 20,000 in February, a fraction of the expected 180,000. Conversely, the unemployment rate fell to 3.8% as federal workers furloughed during the partial government shutdown returned to work.
- New home sales rose 3.7% in December to 621,000 annualized units as both prices and interest rates ebbed.
- The ISM services index rebounded to 59.7 in February, just below a 14-year high set in September.
- Housing starts jumped 18.6% in January to 1.23 million annualized units, as single-family and multifamily starts rebounded after to a two-year low in December. Building permits rose 1.4% to 1.34 million annualized units.
- US nonfarm productivity grew 1.9% in the fourth quarter despite a decline in overall output.

Chart of the Week: Uptick in C&I Loans

Commercial and industrial (C&I) lending improved monthly for all of 2018, which was the first year without a negative month since 2015. Also, the growth accelerated from September on, popping monthly gains of greater than 1% for November through January. Moreover, C&I lending grew 10.3% in January on a year-over-year basis.

Year-Over-Year Growth of Commercial & Industrial Loans by Commercial Banks



Data Source: Haver, Federal Reserve, SunTrust IAG

Economic Calendar: Week Ahead

		Prior	Consensus
Mon Mar 11	Retail Sales	-1.2%	0.0%
Tue Mar 12	NFIB Small Biz Optimism Consumer Price Index	101.2 0.0%	102.0 0.2%
Wed Mar 13	Producer Price Index New Durable Goods Orders	-0.1% 1.2%	0.2% -0.5%
Thu Mar 14	Initial Jobless Claims New Home Sales	223K 621K	225K 622K
Fri Mar 15	Industrial Production Capacity Utilization JOLTS Job Openings UoM Consumer Sentiment	-0.6% 78.2% 7.335M 93.8	0.4% 78.5% 7.225M 95.5

Data Sources: Bloomberg, Econoday

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Performance Summary

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-2.08	-1.63	8.98	8.98	-2.80
MSCI EAFE (net)	-1.94	-1.68	7.45	7.45	-7.01
MSCI Emerging Markets (net)	-2.00	-1.94	6.89	6.89	-11.64
Dow Jones Industrials	-2.17	-1.75	9.67	9.67	4.54
S&P 500	-2.12	-1.44	9.87	9.87	2.15
NASDAQ Composite	-2.46	-1.65	11.65	11.65	-0.27
FTSE NAREIT All Equity REITs Index	0.22	-0.08	12.10	12.10	16.83
Bloomberg Commodity Index	-0.57	-1.08	5.36	5.36	-6.12
Bloomberg Barclays Aggregate	0.68	0.48	1.49	1.49	3.68
BofA Merrill Lynch US High Yield	-0.54	-0.50	5.83	5.83	3.96
Bloomberg Barclays Municipal Bond Blend 1-15 Year	0.29	0.23	1.57	1.57	4.26
ICE BofAML Global Government x the US (USD Unhedged)	0.23	-0.13	0.21	0.21	-4.38
ICE BofAML Global Government x the US (USD Hedged)	0.75	0.69	1.80	1.80	5.08
JP Morgan GBI-EM Global Diversified Composite	-0.97	-1.45	2.80	2.80	-6.70
Hedge Fund Performance (%)	Week*	MTD*	QTD*	YTD*	1 Yr*
HFRX Global Hedge Fund Index	-0.17	-0.02	2.75	2.75	-4.24
HFRX Equity Hedge Index	-0.77	-0.21	4.91	4.91	-7.01
HFRX Macro	1.08	0.93	-0.24	-0.24	-1.82
HFRX Absolute Return Index	-0.07	-0.11	1.01	1.01	0.19

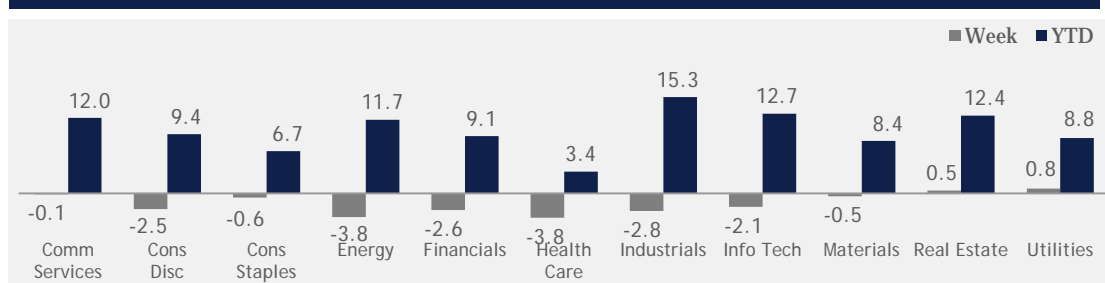
* Through 3/7/19

U.S. Style % Total Returns (Russell Indexes)

Week				YTD		
Value	Core	Growth		Value	Core	Growth
-2.16	-2.22	-2.28	Large	9.43	10.31	11.21
-2.47	-2.73	-3.09	Mid	11.64	13.09	15.16
-4.06	-4.23	-4.40	Small	11.20	13.10	14.92

Rates (%)	3/08/19	12/31/18	9/28/18	6/29/18	3/29/18
Fed Funds Target	2.50	2.50	2.25	2.00	1.75
Libor, 3-Month	2.59	2.80	2.39	2.33	2.31
T-Bill, 3-Month	2.44	2.44	2.18	1.91	1.71
2-Year Treasury	2.44	2.50	2.80	2.52	2.26
5-Year Treasury	2.42	2.50	2.94	2.72	2.55
10-Year Treasury	2.62	2.68	3.05	2.85	2.73
30-Year Treasury	3.00	3.01	3.19	2.98	2.97
Bloomberg Barclays Aggregate (YTW)	3.14	3.28	3.46	3.29	3.12
Bloomberg Barclays Municipal Bond Blend 1-15 Year	2.20	2.40	2.60	2.40	2.42
BofA Merrill Lynch US High Yield	6.76	7.94	6.24	6.39	6.40
Currencies	3/08/19	12/31/18	9/28/18	6/29/18	3/29/18
Euro (\$/€)	1.12	1.14	1.16	1.17	1.23
Yen (¥/\$)	111.14	109.72	113.59	110.77	106.35
Pound (\$/£)	1.30	1.27	1.30	1.32	1.40
Commodities	3/08/19	12/31/18	9/28/18	6/29/18	3/29/18
Crude Oil (WTI)	56.07	45.41	73.25	74.15	64.94
Gold	1,299	1,281	1,196	1,255	1,327
Volatility	3/08/19	12/31/18	9/28/18	6/29/18	3/29/18
CBOE VIX	16.05	25.42	12.12	16.09	19.97

S&P 500 Sector % Total Returns



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Index Definitions

Commonly used acronyms: SAAR = seasonally adjusted annual rate; MoM = month-over-month change; QoQ = quarter-over-quarter change; YoY = Year-over-year change; K = thousands; M = millions.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

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