



## WEEKLY MARKET MONITOR

ACWI ▲ 2.8% S&P ▲ 3.0% EAFE ▲ 2.8% EM ▲ 2.7% 10-Year Treasury 2.59 %

March 15, 2019

### Global Investing Headlines

- Parliament in the United Kingdom again voted down Prime Minister May's Brexit deal, but promptly passed a measure by a wide margin to delay the country's impending exit from the European Union in barely two weeks.
- Japan's central bank downgraded its 2019 outlook due to weaker exports, factory output and global growth.
- China will implement cuts to value-added taxes for various sectors on April 1 and social security tax cuts on May 1.
- Congress passed a bipartisan bill rebuking President Trump's border security funding efforts, which he vetoed.

### Review of Global Markets

- Investors cheered the growing prospect of delaying Brexit, which is currently scheduled for the end of March. Shares in the United Kingdom led the pack, followed closely by European stocks. Emerging markets were boosted by stocks in Brazil and China. Australian stocks, which stumbled for the week, remained out-of-step with broader markets.
- US stocks started the week strong and cruised to the best weekly performance of the year. All 11 S&P 500 sectors were positive. The technology sector soared to the top spot with its best week in almost five months. Health care and energy, the prior week's biggest laggards, also scored strong gains. Industrials had modest gains, pulled down by airplane maker Boeing, which was hit after the grounding of its 737-MAX fleet worldwide due to safety concerns.
- Bond yields fell across the board for a second week in a row as the yield on the 10-year US Treasury finished at 2.59%. Returns were positive for higher quality segments, including US core bonds, municipal bonds and investment grade corporate bonds. However, high yield corporate bonds also posted solid gains for the week.
- The US Dollar Index, which surged to a 21-month high the prior week, gave back some of the gains.
- Commodities halted a two-week tailspin as all four major sectors climbed. Wheat prices jumped, snapping an ugly five-week decline, while cotton also climbed. Coffee, on the other hand, fell for the sixth week in the past seven.

### Economic News

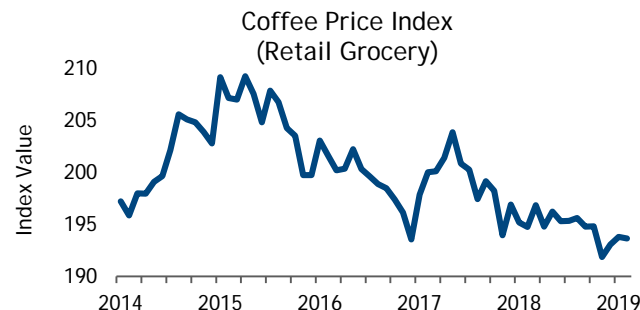
- The Consumer Price Index rose 0.2% in February driven by the jump in energy prices. Excluding food & energy, core consumer prices rose 0.1% for the month and increased 2.1% on a year-over-year basis.
- Retail sales rose 0.2% in January, although December's decline was revised lower, to -1.6% instead of -1.2%.
- Wholesale inflation, measured by the Producer Price Index, rose 0.1% in February, which was the first monthly increase in four months. It was driven by energy components, which increased for the first time in that span.
- Industrial production rose 0.1% in February, while capacity utilization slipped by 0.3 to 78.2%.
- New home sales fell 6.9% in January to 607,000 annualized units, although sales in the Midwest plunged 29%.
- The University of Michigan Consumer Sentiment jumped to 97.8 in March, the biggest monthly rise in 17 months.

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Past performance is not indicative of future results. Please see Important Disclosures for additional information.

### Chart of the Week: Cheaper Cup of Coffee

Coffee futures recently skidded to their lowest level since 2006 amid a global supply glut thanks to a record 2018 crop in Brazil with another expected in 2019. This has contributed to lower US retail coffee prices, which have declined 6.5% in the past five years.



Data Source: Bloomberg, Bureau of Labor Statistics/Consumer Price Index, SunTrust IAG. Data through February 2019.

### Economic Calendar: Week Ahead

		Prior	Consensus
Mon Mar 18	NAHB Housing Market Index	62	63
Tue Mar 19	Factory Orders	0.1%	0.3%
Wed Mar 20	Federal Reserve Interest Rate Decision	2.25%— 2.50%	2.25%— 2.50%
Thu Mar 21	Initial Jobless Claims Leading Economic Indicators	229K 0.0%	225K 0.1%
Fri Mar 22	Existing Home Sales Wholesale Inventories	4.94M 1.1%	5.10M 0.1%

Data Sources: Bloomberg, Econoday

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## Performance Summary

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.82	1.15	12.05	12.05	-0.65
MSCI EAFE (net)	2.80	1.07	10.46	10.46	-4.98
MSCI Emerging Markets (net)	2.66	0.68	9.74	9.74	-10.87
Dow Jones Industrials	1.64	-0.13	11.47	11.47	6.32
S&P 500	2.95	1.46	13.11	13.11	4.78
NASDAQ Composite	3.78	2.07	15.87	15.87	2.75
FTSE NAREIT All Equity REITs Index	2.29	2.21	14.66	14.66	17.96
Bloomberg Commodity Index	1.44	0.34	6.87	6.87	-4.51
Bloomberg Barclays Aggregate	0.23	0.71	1.72	1.72	3.71
BofA Merrill Lynch US High Yield	0.80	0.30	6.68	6.68	4.95
Bloomberg Barclays Municipal Bond Blend 1-15 Year	0.09	0.31	1.66	1.66	4.37
ICE BofAML Global Government x the US (USD Unhedged)	0.38	0.25	0.59	0.59	-4.29
ICE BofAML Global Government x the US (USD Hedged)	0.05	0.74	1.85	1.85	4.84
JP Morgan GBI-EM Global Diversified Composite	1.07	-0.39	3.90	3.90	-5.71
Hedge Fund Performance (%)	Week*	MTD*	QTD*	YTD*	1 Yr*
HFRX Global Hedge Fund Index	0.33	0.17	2.94	2.94	-4.05
HFRX Equity Hedge Index	1.10	0.77	5.93	5.93	-6.21
HFRX Macro	0.41	1.07	-0.10	-0.10	-1.95
HFRX Absolute Return Index	0.16	0.01	1.14	1.14	0.09

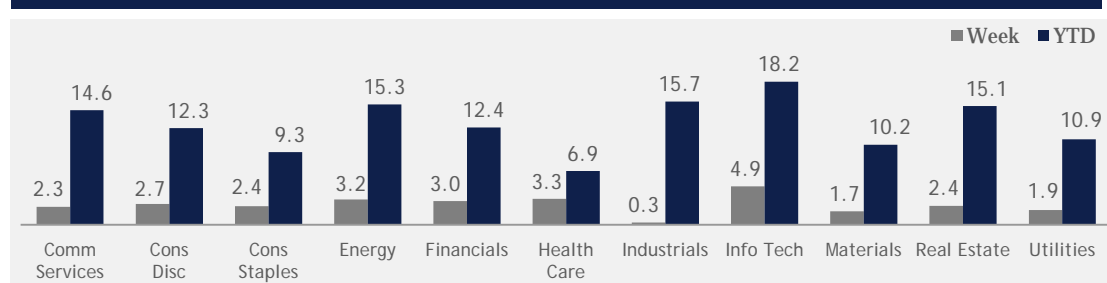
\* Through 3/14/19

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

Week				YTD		
Value	Core	Growth		Value	Core	Growth
2.59	2.89	3.19	Large	12.26	13.50	14.76
2.18	2.40	2.71	Mid	14.08	15.81	18.28
1.82	2.13	2.42	Small	13.23	15.51	17.70

Rates (%)	3/15/19	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	2.62	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	2.40	2.50	2.94	2.72	2.55
10-Year Treasury	2.59	2.68	3.05	2.85	2.73
30-Year Treasury	3.01	3.01	3.19	2.98	2.97
Bloomberg Barclays Aggregate (YTW)	3.11	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	6.50	7.94	6.24	6.39	6.40
Currencies	3/15/19	12/31/18	9/28/18	6/29/18	3/29/18
Euro (\$/€)	1.13	1.14	1.16	1.17	1.23
Yen (¥/\$)	111.57	109.72	113.59	110.77	106.35
Pound (\$/£)	1.33	1.27	1.30	1.32	1.40
Commodities	3/15/19	12/31/18	9/28/18	6/29/18	3/29/18
Crude Oil (WTI)	58.52	45.41	73.25	74.15	64.94
Gold	1,303	1,281	1,196	1,255	1,327
Volatility	3/15/19	12/31/18	9/28/18	6/29/18	3/29/18
CBOE VIX	12.88	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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