

# Market Pulse

from the Investment Advisory Group

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## In Focus

For the time being, the coronavirus threat has displaced US-China trade discussions, Middle East tensions, and Federal Reserve (Fed) expectations as the primary driver of day-to-day market sentiment. The total number of verified coronavirus cases and deaths continues to climb in China with few signs of near-term containment. On Friday, the Fed acknowledged this “new risk” to the global growth outlook in the early transcript of its semiannual report to Congress due Tuesday. Simultaneously, major multinationals like Apple, Honda, Toyota and Samsung are downshifting their near-term operating schedules in China. Markets have been able to largely see through this so far, given a large injection of Chinese stimulus and the hope that economic growth will rebound in the second half of the year. However, the level of uncertainty surrounding the coronavirus and its ultimate impact on the global supply chain remains substantial, which was one of the factors informing the tactical downgrade in our near-term equity outlook to neutral.

## A Look Back

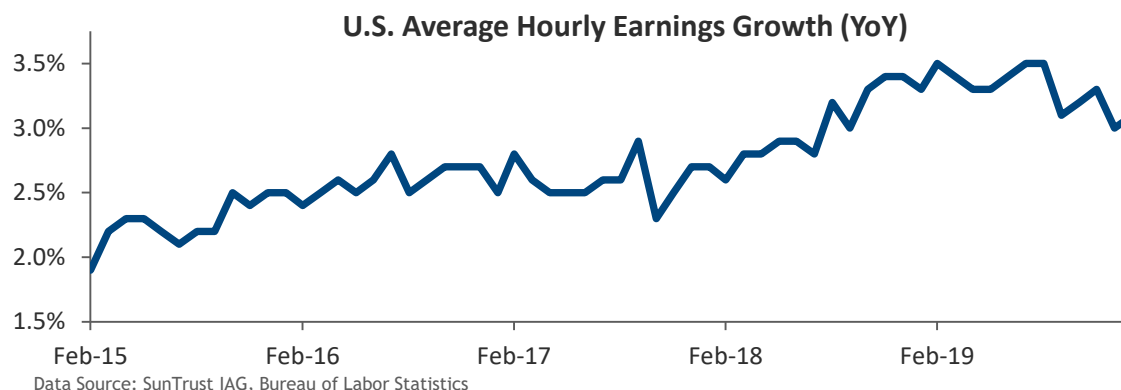
- Major US equity indices recovered from their one-month low last week, closing at new all-time highs on Thursday.
- On Friday, the Federal Reserve highlighted heightening coronavirus concerns and its potential impact on global growth expectations.
- Friday’s healthy US jobs report showed reinvigorated hiring gains and upward wage pressure in January.

## A Look Ahead

- On Tuesday and Wednesday, US Federal Reserve Chair Jerome Powell will deliver his semiannual monetary policy report to the Congressional finance committees.
- NATO defense ministers will kickoff a two-day meeting in Brussels on Wednesday.
- Initial Jobless Claims, CPI and Retail Sales results contribute to a busy slate of new US data.

## Chart of the Week: Average Hourly Earnings Rebound

In late-2017, US Average Hourly Earnings (AHE) established an improving trend that stalled at the beginning of 2019. The Fed will welcome January’s AHE bounce amid its search for a sustainable catalyst for US inflation.



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# Performance Summary

as of 02/07/2020

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.69	2.69	1.56	1.56	19.25
MSCI EAFE (net)	1.86	1.86	-0.27	-0.27	14.65
MSCI Emerging Markets (net)	2.75	2.75	-2.04	-2.04	7.44
Dow Jones Industrials	3.06	3.06	2.15	2.15	18.33
S&P 500	3.21	3.21	3.17	3.17	25.34
NASDAQ Composite	4.04	4.04	6.11	6.11	30.49
FTSE NAREIT All Equity REITs Index	1.62	1.62	2.90	2.90	17.55
Bloomberg Commodity Index	-0.08	-0.08	-7.43	-7.43	-4.68
Bloomberg Barclays Aggregate	-0.07	-0.07	1.86	1.86	9.50
BofA Merrill Lynch US High Yield	0.63	0.63	0.63	0.63	9.65
Bloomberg Barclays Municipal Bond Blend 1-15 Year	-0.09	-0.09	1.44	1.44	6.88
ICE BofAML Global Government x the US (USD Unhedged)	-1.53	-1.53	-0.46	-0.46	3.43
ICE BofAML Global Government x the US (USD Hedged)	-0.29	-0.29	1.55	1.55	7.83
JP Morgan GBI-EM Global Diversified Composite	-0.06	-0.06	-1.34	-1.34	6.98
Hedge Fund Performance (%)	Week*	MTD*	QTD*	YTD*	1 Yr*
HFRX Global Hedge Fund Index	0.69	0.69	1.10	1.10	7.34
HFRX Equity Hedge Index	1.10	1.10	0.77	0.77	7.18
HFRX Macro	1.12	1.12	1.95	1.95	8.77
HFRX Absolute Return Index	0.38	0.38	0.39	0.39	3.48

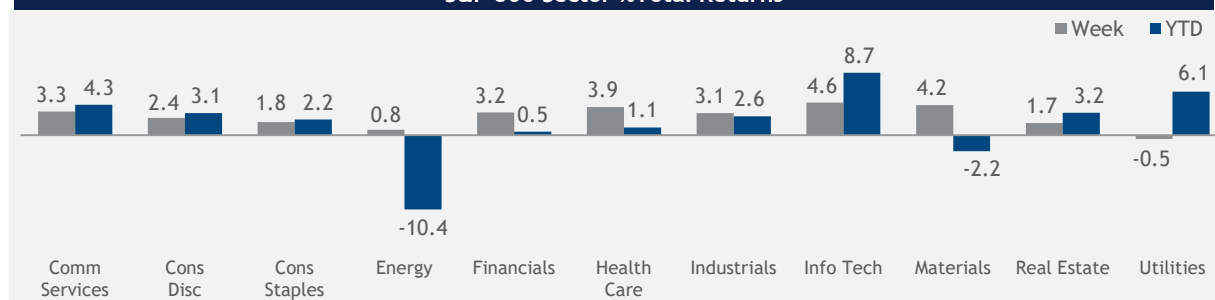
\* Through 2/6/20

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

Week				YTD		
Value	Core	Growth		Value	Core	Growth
2.47	3.16	3.77	Large	0.27	3.27	6.09
2.15	2.24	2.37	Mid	0.16	1.42	3.32
2.12	2.67	3.17	Small	-3.38	-0.62	2.04

Rates (%)	2/07/20	12/31/19	9/30/19	6/28/19	3/29/19
Fed Funds Target	1.75	1.75	2.00	2.50	2.50
Libor, 3-Month	1.73	1.90	2.08	2.31	2.59
T-Bill, 3-Month	1.55	1.54	1.82	2.11	2.39
2-Year Treasury	1.39	1.57	1.61	1.73	2.26
5-Year Treasury	1.40	1.69	1.55	1.75	2.24
10-Year Treasury	1.57	1.91	1.67	1.99	2.41
30-Year Treasury	2.04	2.38	2.12	2.52	2.82
Bloomberg Barclays Aggregate (YTW)	2.05	2.31	2.26	2.49	2.93
Bloomberg Barclays Municipal Bond Blend 1-15 Year	1.28	1.53	1.65	1.75	2.04
BofA Merrill Lynch US High Yield	5.37	5.41	5.87	6.05	6.40
Currencies	2/07/20	12/31/19	9/30/19	6/28/19	3/29/19
Euro (\$/€)	1.10	1.12	1.09	1.14	1.12
Yen (¥/\$)	109.78	108.68	108.08	107.74	110.68
Pound (\$/£)	1.29	1.32	1.23	1.27	1.30
Commodities	2/07/20	12/31/19	9/30/19	6/28/19	3/29/19
Crude Oil (WTI)	50.32	61.06	54.07	58.47	60.14
Gold	1,573	1,523	1,473	1,414	1,299
Volatility	2/07/20	12/31/19	9/30/19	6/28/19	3/29/19
CBOE VIX	15.47	13.78	16.24	15.08	13.71

## S&P 500 Sector %Total Returns



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**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.

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

**Bloomberg Barclays Global Aggregate Index** is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

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