

June 2018 Market Watch

Volatility crept back into the markets during the first half of the year led by concerns of potential trade wars, a flattening yield curve, and the potential for rising inflation. All of this resulted in the S&P 500 rising or falling more than 1% per day on 36 days thus far this year. Despite the short-term volatility, domestic indices remain largely positive. On a year-to-date basis, the NASDAQ (+8.8% YTD) and Russell 2000 (+7.0% YTD) have been the best performing domestic indices. The NASDAQ has benefitted from the continued outperformance in the Technology sector, which now accounts for roughly 45% of the index's weight. The Russell 2000, which largely consists of smaller-capitalization domestic companies, has benefitted from the continued strength in the U.S. economy as well as from last year's tax overhaul which lowered the domestic tax rate. The S&P 500 has risen +1.7% YTD, led by the Consumer Discretionary (+11.5% YTD) and Technology (+10.9% YTD) sectors. The Consumer Staples (-8.5% YTD) and Telecom (-8.4% YTD) sectors have significantly underperformed through the first half of the year. Over the past one year, the NASDAQ has outperformed the DJIA and S&P 500 by 8.6% and 10.1%, respectively.

In June, domestic indices were largely mixed. The NASDAQ Composite continued its dominance in June and was again the best performing index

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	6/30/18	6/23/18	%chg	5/31/18	% chg	6/30/17	% chg	Return*
DJIA	24,271.4	24,580.9	-1.3%	24,415.8	-0.6%	21,349.6	13.7%	-1.8%
S&P 500	2,718.4	2,754.9	-1.3%	2,705.3	0.5%	2,423.4	12.2%	1.7%
NYSE Comp Index	12,504.3	12,639.6	-1.1%	12,527.1	-0.2%	11,761.7	6.3%	-2.4%
NASDAQ Composite	7,510.3	7,692.8	-2.4%	7,442.1	0.9%	6,140.4	22.3%	8.8%
Russell 2000	1,643.1	1,685.6	-2.5%	1,633.6	0.6%	1,415.4	16.1%	7.0%
Japan Nikkei 225	22,304.5	22,516.8	-0.9%	22,201.8	0.5%	20,033.4	11.3%	-2.0%
MSCI EM (Emerging Markets)	1,069.5	1,088.0	-1.7%	1,120.7	-4.6%	1,010.8	5.8%	-7.7%
MSCI EAFE	1,958.6	1,980.4	-1.1%	1,986.2	-1.4%	1,883.2	4.0%	-4.5%
FTSE 100	7,636.9	7,682.3	-0.6%	7,678.2	-0.5%	7,312.7	4.4%	1.7%
SSE Comp Index	2,847.4	2,889.8	-1.5%	3,095.5	-8.0%	3,192.4	-10.8%	-13.9%

US Equity Sector Performance

	June	YTD	1 Yr Ret.
Consumer Discretionary	3.6%	11.5%	23.6%
Consumer Staples	4.5%	-8.5%	-3.9%
Energy	0.7%	6.8%	21.0%
Financials	-1.9%	-4.1%	9.6%
Health Care	1.6%	1.8%	7.1%
Industrials	-3.3%	-4.7%	5.3%
Information Tech	-0.4%	10.9%	31.3%
Materials	0.3%	-3.1%	9.9%
Telecom	2.4%	-8.4%	1.4%
Utilities	2.8%	0.3%	3.4%
Real Estate	4.5%	0.6%	4.6%

US Equity Style Performance

	June	YTD	1 Yr Ret.
Dow Jones Utilities	2.4%	-1.6%	0.7%
AMEX DJ TRANS Avg.	-3.7%	-1.8%	9.7%
Russell 1000 Value	0.2%	-1.7%	6.8%
Russell 1000 Growth	1.0%	7.3%	22.5%
Russell 2000 Value	0.6%	5.4%	13.1%
Russell 2000 Growth	0.8%	9.7%	21.9%

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(+0.9% MTD). The DJIA was this month's laggard (-0.6% MTD), while the S&P 500 and Russell 2000 finished +0.5% MTD and +0.6% MTD, respectively. Throughout the month, eight of the eleven sectors finished in positive territory led by a +4.5% MTD rebound in both the Consumer Staples and Real Estate sectors, both of which have been among the worst performing sectors over the past year.

International markets were largely negative throughout the month. Only Japan's Nikkei 225 finished June in positive territory (+0.5% MTD). Through the first half of the year, the U.K.'s FTSE 100 (+1.7% YTD) has been the best performer, while the other major international indices are lower for the year. China's SSE Composite has been the worst performer (-13.9% YTD), followed by the MSCI Emerging Markets index (-7.7% YTD).

Treasury yields ticked up slightly across the curve in June. Bond prices move inversely to bond yields, therefore an increase in bond yields results in a decline in bond prices and vice versa. The yield on the 6-Month U.S. Treasury bill increased three basis points (bps) to 2.11%, while the yield on the 10-Year U.S. Treasury bond increased two bps to 2.85%.

The Bloomberg Commodity Index finished down -3.6% MTD in June, as a rise in crude oil (+9.9% MTD) was offset by declines in gold prices (-4.4% MTD) and a variety of different agriculture products. Crude oil closed June at \$73.68/barrel, while gold settled at \$1,247.50/ounce.

Bond Markets (%)

	6/30/18	1 Mth Ago	1 Yr Ago
US Benchmark Bond - 3 Mth	1.91	1.92	1.02
US Benchmark Bond - 6 Mth	2.11	2.08	1.13
US Benchmark Bond - 2 Yr	2.52	2.40	1.38
US Benchmark Bond - 5 Yr	2.73	2.67	1.88
US Benchmark Bond - 10 Yr	2.85	2.83	2.30
US Benchmark Bond - 30 Yr	2.99	2.99	2.81

US Bond Sector Performance

	June	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Aggregate Govt. Intrm.	-0.01%	0.00%	-0.73%

Exchange Rates (per US dollar)

	6/30/18	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.315	1.297	1.299
Mexican New Peso	19.656	20.012	18.100
Euro	0.856	0.857	0.877
British Pound	0.757	0.752	0.770
Swiss Franc	0.993	0.983	0.958
Chinese Yuan	6.625	6.401	6.780
Indian Rupee	68.515	67.483	64.638
Japanese Yen	110.765	108.645	112.360

Commodities (In US dollars)

	6/30/18	1 Mth Ago	1 Yr Ago
Gold	1,274.50	1,304.70	1,242.30
Crude Oil	73.68	67.04	46.04
US Dollar Index	94.80	93.96	95.42
Bloomberg Commodity IDX	87.41	90.72	82.60

Interest Rates (%)

	6/30/18	1 Mth Ago	1 Yr Ago
Prime Rate	5.00	4.75	4.25
Federal Funds Rate	1.92	1.72	1.16
Libor Rate 30 Day	2.09	1.98	1.22
Libor Rate 3 Months	2.34	2.32	1.30
30yr Fixed Mortgage	4.55	4.56	3.88

Economic Sentiment

	6/30/18	1 Yr Ago
Unemployment Rate	3.80%	4.30%
Average Single Family Home	304,900	305,000
Capacity Utilization	77.86%	76.23%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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