

June 2017 Market Watch

Domestic markets finished June mostly positive with only the NASDAQ Composite – this year’s standout – finishing in negative territory. For the month, the Russell 2000, which is comprised of small-cap companies, was the best performer (+3.3% MTD). The Dow Jones Industrials Average (DJIA) and S&P 500 were up +1.6% MTD and +0.5% MTD, respectively. Five of the eleven S&P 500 sectors were positive in June, led by the Financials (+6.4% MTD) and Health Care (+4.6% MTD) sectors, both of which benefitted from positive news out of Washington. The Federal Reserve released favorable results from its stress-tests, which resulted in many of the banks being allowed to return more capital to shareholders through increased dividends and buybacks. A failed attempt by the Senate to vote on the Republican health care bill led to a rally in the health care stocks throughout the month. In international markets, Japan’s Nikkei 225 (+1.9% MTD) and China’s SSE Composite Index (+2.4% MTD) were the best performers in June. The U.K.’s FTSE 100 was this month’s laggard, finishing down -2.8% MTD.

With half of 2017 behind us, the major U.S. indices are all in positive territory year-to-date. The NASDAQ leads the group returning +14.1% YTD, followed by the S&P 500 (+8.2% YTD), DJIA (+8.0% YTD), and Russell 2000 (+4.3% YTD). The NASDAQ has largely benefitted from the outperformance seen in the Technology sector, which makes up roughly 48% of the total index versus approximately 22% of the S&P 500 index. The Technology sector has been the best performing sector year-to-date (+17.2% YTD), followed by the Health Care sector (+16.1% YTD). The Energy (-12.6% YTD) and

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	6/30/2017	6/23/2017	% chg	5/31/2017	% chg	6/30/2016	% chg	Return *
DJIA	21,349.6	21,394.8	-0.2%	21,008.7	1.6%	17,930.0	19.1%	8.0%
S&P 500	2,423.4	2,438.3	-0.6%	2,411.8	0.5%	2,098.9	15.5%	8.2%
NYSE Comp Index	11,761.7	11,733.2	0.2%	11,598.0	1.4%	10,489.8	12.1%	6.4%
NASDAQ Composite	6,140.4	6,265.3	-2.0%	6,198.5	-0.9%	4,842.7	26.8%	14.1%
Russell 2000	1,415.4	1,414.8	0.0%	1,370.2	3.3%	1,151.9	22.9%	4.3%

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	6/30/2017	6/23/2017	% chg	5/31/2017	% chg	6/30/2016	% chg	Return *
Japan Nikkei 225	20,033.4	20,132.7	-0.5%	19,650.6	1.9%	15,575.9	28.6%	4.8%
MSCI EM (Emerging Markets)	1,010.8	1,011.7	-0.1%	1,005.3	0.5%	834.1	21.2%	17.2%
MSCI EAFE	1,883.2	1,889.2	-0.3%	1,890.1	-0.4%	1,608.5	17.1%	11.8%
FTSE 100	7,312.7	7,424.1	-1.5%	7,520.0	-2.8%	6,504.3	12.4%	4.7%
SSE Composite Index	3,192.4	3,157.9	1.1%	3,117.2	2.4%	2,929.6	9.0%	2.9%

US Equity Sector Performance

	June	YTD	1-yr ret.
Consumer Discretionary	-1.2%	11.0%	16.9%
Consumer Staples	-2.3%	8.0%	3.1%
Energy	-0.2%	-12.6%	-4.1%
Financials	6.4%	6.9%	35.4%
Health Care	4.6%	16.1%	12.5%
Industrials	1.4%	9.5%	22.3%
Information Tech	-2.7%	17.2%	33.9%
Materials	1.9%	9.2%	18.6%
Telecom	-2.9%	-10.7%	-11.7%
Utilities	-2.7%	8.8%	2.5%
Real Estate	1.9%	6.2%	-0.9%

US Equity Style Performance

	June	YTD	1-yr ret.
Dow Jones Utilities	-2.7%	7.2%	-1.3%
AMEX DJ TRANS Avg.	4.4%	6.5%	29.6%
Russell 1000 Value	1.6%	4.7%	15.5%
Russell 1000 Growth	-0.3%	14.0%	20.4%
Russell 2000 Value	3.5%	0.5%	24.9%
Russell 2000 Growth	3.4%	10.0%	24.4%

Telecommunications sectors (-10.7% YTD) are this year's laggards and the only two sectors in negative territory for the year. In international markets, the MSCI Emerging Markets (+17.2% YTD) and MSCI EAFE (+11.8% YTD) indices have sharply outperformed over the past six months.

The yield curve continued to flatten in June, as short term rates rose while long term rates declined. 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 3-Month U.S. Treasury bill increased five basis points (bps) to 1.02%, while the yield on the 30-Year U.S. Treasury bond declined three bps to 2.83%. The Federal Reserve raised key interest rates in the middle of the June by 25 bps, marking the second rate hike of the year and the third in the past seven months, as it continues to see improvements in the U.S. economy. The Bloomberg Commodity Index continued to decline during the month (-0.3% MTD) due in large part to the sell-off in crude oil (-4.7% MTD) throughout the year. Crude oil finished June at \$46.04 per barrel and is now down -14.3% YTD.

The unemployment rate remains at 4.3%, equal to its lowest level in sixteen years. Data continues to point to a tight labor market. While figures from the Bureau of Labor Statistics indicated that the average workweek for all employees on private nonfarm payrolls remained unchanged year-over-year, it did show a 2.5% increase in the average hourly earnings. A historically low unemployment rate can make it difficult for businesses to find and hire qualified workers.

*Rockland Trust
Investment Management Group*

Bond Markets (%)

	6/30/2017	1 Mth Ago	1 Yr. Ago
US Benchmark Bond - 3 Month	1.02	0.97	0.26
US Benchmark Bond - 6 Month	1.13	1.07	0.35
US Benchmark Bond - 2 Year	1.38	1.28	0.58
US Benchmark Bond - 5 Year	1.88	1.75	1.00
US Benchmark Bond - 10 Year	2.30	2.21	1.47
US Benchmark Bond - 30 Year	2.83	2.86	2.28

US Bond Sector Performance

	June	YTD	1-Year Return
Bloomberg Barclays U.S. Aggregate Govt. Interm. TR	-0.3%	-1.2%	-1.2%

Exchange Rates (Rate per US dollar)

	6/30/2017	1 month Ago	1 Year Ago
Canadian Dollar	1.299	1.351	1.299
Mexican New Peso	18.100	18.700	18.449
Euro	0.877	0.889	0.900
British Pound	0.770	0.775	0.748
Swiss Franc	0.958	0.968	0.974
Chinese Yuan	6.780	6.821	6.644
Indian Rupee	64.638	64.520	67.495
Japanese Yen	112.360	110.585	102.590

Commodities (In US dollars)

	6/30/2017	1 Mth Ago	1 Yr. Ago
Gold	1,242.30	1,275.40	1,320.6
Crude Oil	46.04	48.32	48.33
US Dollar Index	95.42	96.85	96.20
DJ UBS Commodity IDX	82.60	82.83	88.84

Interest Rates (%)

	6/30/2017	1 Mth Ago	1 Yr. Ago
PRIME RATE	4.25	4.00	3.50
FEDERAL FUNDS RATE	1.16	0.91	0.38
LIBOR RATE 30 DAY	0.16	0.16	0.16
LIBOR RATE 3 MONTHS	0.23	0.23	0.23
30YR FIXED MORTGAGE	3.88	3.94	3.48

Economic Sentiment

	6/30/2017	1 Yr. Ago
Unemployment Rate	4.30%	4.90%
Average Single Family Home (\$)	295,800	291,300
Capacity Utilization	76.59%	75.83%

*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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