

June 2019 Market Watch

U.S. domestic equity markets finished strong in June, recovering from May losses. The S&P 500 closed +6.9% for the month, despite weaker than expected domestic labor market data. Retail sales, factory orders and home purchases also indicated slow growth. The Fed held rates unchanged at 2.25-2.50% during the June FOMC meeting. However, the markets are pricing in the potential for Federal Reserve (Fed) and European Central Bank (ECB) rate cuts later in the year. Hopes of monetary stimulus led to gains across various asset classes in the month of June.

Although U.S. markets rallied, global growth continued to slow as reflected by manufacturing data contraction in China, Japan, South Korea, the UK and the broader Eurozone. The U.S.-China trade talks resumed at the G20 with the U.S. agreeing to delay tariffs on Chinese imports and also easing limits on the Chinese tech company, Huawei. Though there was no escalation this time around, there was also no significant sign of progress in the negotiations.

Ahead of Q2 earnings, FactSet's Earnings Insight noted that of the 113 S&P 500 companies that have issued EPS guidance for Q2, 87 (77% of companies) have issued negative guidance.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	6/30/19	6/23/19	% chg	5/31/19	% chg	6/30/18	% chg	Return*
DJIA	26,600.0	26,719.1	-0.4%	24,815.0	7.2%	24,271.4	9.6%	14.0%
S&P 500	2,941.8	2,950.5	-0.3%	2,752.1	6.9%	2,718.4	8.2%	17.3%
NYSE Comp Index	13,049.7	13,047.2	0.0%	12,264.5	6.4%	12,504.3	4.4%	14.7%
NASDAQ Composite	8,006.2	8,031.7	-0.3%	7,453.1	7.4%	7,510.3	6.6%	20.7%
Russell 2000	1,566.6	1,549.6	1.1%	1,465.5	6.9%	1,643.1	-4.7%	16.2%
MSCI EM (Emerging Markets)	1,054.9	1,053.2	0.2%	998.0	5.7%	1,069.5	-1.4%	9.2%
MSCI EAFE	1,922.3	1,911.2	0.6%	1,817.4	5.8%	1,958.6	-1.9%	11.8%
Japan Nikkei 225	21,275.9	21,258.6	0.1%	20,601.2	3.3%	22,304.5	-4.6%	6.3%
FTSE 100	7,425.6	7,407.5	0.2%	7,161.7	3.7%	7,636.9	-2.8%	13.1%
SSE Comp Index	2,978.9	3,002.0	-0.8%	2,898.7	2.8%	2,847.4	4.6%	19.4%

US Equity Sector Performance

	June	YTD	1 Yr Ret.
Consumer Discretionary	7.8%	21.8%	10.2%
Consumer Staples	5.2%	16.2%	16.4%
Energy	9.3%	13.1%	-13.2%
Financials	6.7%	17.2%	6.3%
Health Care	6.6%	8.1%	13.0%
Industrials	7.8%	21.4%	10.4%
Information Tech	9.1%	27.1%	14.3%
Materials	11.7%	17.3%	3.2%
Communication Services	4.3%	19.1%	13.7%
Utilities	3.3%	14.7%	19.0%
Real Estate	1.6%	20.3%	17.0%

US Equity Style Performance

	June	YTD	1 Yr Ret.
Dow Jones Utilities	3.3%	13.7%	13.9%
DJ TRANS Avg.	7.5%	15.0%	2.7%
Russell 1000 Value	7.2%	16.2%	8.5%
Russell 1000 Growth	6.9%	21.5%	11.6%
Russell 2000 Value	6.4%	13.5%	-6.2%
Russell 2000 Growth	7.7%	20.4%	-0.5%

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All of the U.S. domestic equity indices and S&P 500 sectors recovered losses from the previous month and ended in positive territory. Materials (+11.7% MTD) and Energy led gains (+9.3% MTD). Info Tech continues to be the leader, up +27.1% YTD.

Emerging Market (MSCI EM +5.7% MTD) and Developed International Equities (MSCI EAFE +5.8% MTD) recovered in June. Elsewhere in Asia, one million people in Hong Kong (H.K.) marched in violent protest against extradition rules from H.K. to China, showing signs of political unrest in the region. In Europe, investors remain cautious with the 10-year French bond dipping below 0% for the first time. The ECB is ready to loosen monetary policy if the economy doesn't improve.

Rates continued to decrease in June, as investors sought safety in U.S. Treasuries. U.S. 10-year treasury yields have fallen to 2.00%. The decrease in Treasury bond yields caused Treasury prices to increase across the curve, as bond yields move inversely to bond prices. Over the past year, the yield curve has flattened as short-term rates have increased while long-term rates have declined.

The Bloomberg Commodity Index recovered +2.5% MTD, but remains -9.7% YTD amidst global uncertainties. Although crude oil closed higher at \$58.47/barrel (+9.3% MTD), it is still down -21.1% below last year. Gold also settled higher at \$1,396.10/ounce (+6.5% MTD) as the traditional safe haven rallied due to a weaker USD in June.

Bond Markets (%)

	6/30/19	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	2.12	2.35	1.91
US Benchmark Bond – 6 Mth	2.10	2.36	2.11
US Benchmark Bond – 2 Yr	1.73	1.95	2.52
US Benchmark Bond – 5 Yr	1.75	1.93	2.73
US Benchmark Bond – 10 Yr	2.00	2.14	2.85
US Benchmark Bond – 30 Yr	2.53	2.58	2.99

US Bond Sector Performance

	June	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Aggregate Govt. Intrm.	0.82%	3.96%	6.15%

Exchange Rates (per US dollar)

	6/30/19	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.307	1.352	1.315
Mexican Peso	19.212	19.612	19.656
Euro	0.878	0.897	0.856
British Pound	0.786	0.793	0.757
Swiss Franc	0.975	1.006	0.993
Chinese Yuan	6.868	6.903	6.625
Indian Rupee	69.028	69.691	68.515
Japanese Yen	107.740	108.575	110.765

Commodities (In US dollars)

	6/30/19	1 Mth Ago	1 Yr Ago
Gold	1,396.10	1,311.10	1,254.50
Crude Oil	58.47	53.50	74.15
US Dollar Index	96.11	97.67	94.35
Bloomberg Commodity Index	79.65	77.70	87.41

Interest Rates (%)

	6/30/19	1 Mth Ago	1 Yr Ago
Prime Rate	5.50	5.50	5.00
Federal Funds Rate	2.41	2.41	1.92
Libor Rate 30 Day	2.40	2.43	2.09
Libor Rate 3 Months	2.32	2.50	2.34
30yr Fixed Mortgage	3.73	3.99	4.55

Economic Sentiment

	6/30/19	1 Yr Ago
Unemployment Rate	3.60%	4.00%
Average Single Family Home	315,600	313,600
Capacity Utilization	78.10%	78.55%

*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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