

September 2019 Market Watch

U.S. domestic equity markets finished higher in September, rebounding from August losses, as policy and mixed economic news dominated. The U.S. Federal Reserve cut interest rates mid-month by 25 basis points (bps), the second time since July, with discord amongst FOMC members over the decision. Overseas, the European Central Bank also announced a stimulus package (an interest rate cut and QE of €20B a month into the markets) in an attempt to reboot the EU economy. U.S. consumer confidence bounced off of 3-year lows with sentiment rising to 93.2 versus a 93 estimate; and versus 89.8 last month amidst U.S. and China trade concerns, the upcoming Brexit deadline, and continued global growth concerns. However, despite robust consumer spending, 2Q U.S. GDP grew at a slower pace of 2%. In spite of the impeachment inquiry of President Trump dominating the end of month narrative, U.S. markets held on to gains.

Crude oil closed lower at \$54.07/barrel (-1.9%) and Brent oil futures soared as much as 19.5% in a single day as global oil supply experienced the biggest disruption to date when Saudi Arabia's oil facilities were attacked earlier this month, impacting 6% of global supply.

Looking ahead, U.S.-China trade negotiations will resume next month. And the U.K. approaches the October 31 Brexit plan deadline.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	9/30/19	9/23/19	% chg	8/31/19	% chg	9/30/18	% chg	Return*
DJIA	26,916.8	26,950.0	-0.1%	26,403.3	1.9%	26,458.3	1.7%	15.4%
S&P 500	2,976.7	2,991.8	-0.5%	2,926.5	1.7%	2,914.0	2.2%	18.7%
NYSE Comp Index	13,004.7	13,085.3	-0.6%	12,736.9	2.1%	13,082.5	-0.6%	14.3%
NASDAQ Composite	7,999.3	8,112.5	-1.4%	7,962.9	0.5%	8,046.4	-0.6%	20.6%
Russell 2000	1,523.4	1,558.2	-2.2%	1,494.8	1.9%	1,696.6	-10.2%	13.0%
MSCI EM (Emerging Markets)	1,001.0	1,015.2	-1.4%	984.3	1.7%	1,047.9	-4.5%	3.6%
MSCI EAFE	1,889.4	1,903.9	-0.8%	1,842.6	2.5%	1,973.6	-4.3%	9.9%
Japan Nikkei 225	21,755.8	22,079.1	-1.5%	20,704.4	5.1%	24,120.0	-9.8%	8.7%
FTSE 100	7,408.2	7,326.1	1.1%	7,207.2	2.8%	7,510.2	-1.4%	14.3%
SSE Comp Index	2,905.2	2,977.1	-2.4%	2,886.2	0.7%	2,821.4	3.0%	16.5%

US Equity Sector Performance

	Sep	YTD	1 Yr Ret.
Consumer Discretionary	0.9%	22.5%	2.4%
Consumer Staples	1.7%	23.3%	16.9%
Energy	3.8%	6.0%	-19.2%
Financials	4.6%	19.6%	3.9%
Health Care	-0.2%	5.6%	-3.6%
Industrials	3.0%	22.6%	1.4%
Information Tech	1.5%	31.4%	8.6%
Materials	3.2%	17.1%	2.7%
Communication Services	0.4%	21.7%	5.7%
Utilities	4.3%	25.4%	27.1%
Real Estate	0.9%	29.7%	24.8%

US Equity Style Performance

	Sep	YTD	1 Yr Ret.
Dow Jones Utilities	3.9%	23.2%	21.9%
DJ TRANS Avg.	2.4%	14.4%	-7.4%
Russell 1000 Value	3.6%	17.8%	4.0%
Russell 1000 Growth	0.0%	23.3%	3.7%
Russell 2000 Value	5.1%	12.8%	-8.2%
Russell 2000 Growth	-0.8%	15.3%	-9.6%

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Major U.S. domestic equity indices reverted back into positive territory for the month. From a sector standpoint, results were positive. Healthcare (-0.2%) was flat, while Financials (+4.6%) and Utilities (+4.3%) led gains. All sectors remain positive year-to-date (YTD).

Emerging Market (MSCI EM +1.7% and Developed International Equities (MSCI EAFE +2.5%) ended positive for the month alongside their U.S. peers. While the U.S.-China trade talks will resume in mid-October, news emerged that the White House is considering limiting investment in China, during ongoing negotiations. In Hong Kong, violent protests escalated ahead of the Chinese National Holiday celebrations. In South America, Argentina's President Macri imposed capital controls at the beginning of the month in an unexpected move that comes more than three years after he lifted similar restrictions, strengthening the Argentine peso.

On the Fixed Income side, Treasury rates with maturities longer than 2 years rose while shorter maturities declined. The spread also widened between the 2-year and 10-year from last month's inversion. The 10-year yield was up 18bps, marking the biggest monthly gain since last September. Meanwhile the 30-year yield bounced off of all-time lows back to 2.12%.

The Bloomberg Commodity Index gained 1.0% MTD. Gold settled lower this month at \$1,472.90/ounce (-3.7%).

Bond Markets (%)

	9/30/19	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.82	1.98	2.15
US Benchmark Bond – 6 Mth	1.82	1.87	2.30
US Benchmark Bond – 2 Yr	1.62	1.50	2.81
US Benchmark Bond – 5 Yr	1.55	1.39	2.95
US Benchmark Bond – 10 Yr	1.68	1.50	3.05
US Benchmark Bond – 30 Yr	2.12	1.96	3.20

Commodities (In US dollars)

	9/30/19	1 Mth Ago	1 Yr Ago
Gold	1,472.90	1,529.40	1,196.20
Crude Oil	54.07	55.10	73.25
US Dollar Index	99.02	98.86	94.74
Bloomberg Commodity Index	77.78	77.00	85.20

US Bond Sector Performance

	Sep	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	-0.44%	5.18%	7.52%

Interest Rates (%)

	9/30/19	1 Mth Ago	1 Yr Ago
Prime Rate	5.00	5.25	5.25
Federal Funds Rate	1.90	2.13	1.92
Libor Rate 30 Day	2.03	2.09	2.26
Libor Rate 3 Months	2.10	2.14	2.40
30yr Fixed Mortgage	3.64	3.58	4.72

Exchange Rates (per US dollar)

	9/30/19	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.324	1.329	1.293
Mexican Peso	19.744	20.067	18.699
Euro	0.917	0.908	0.861
British Pound	0.811	0.821	0.767
Swiss Franc	0.997	0.989	0.977
Chinese Yuan	7.138	7.145	6.881
Indian Rupee	70.869	71.408	72.490
Japanese Yen	108.075	106.145	113.585

Economic Sentiment

	9/30/19	1 Yr Ago
Unemployment Rate	3.70%	3.70%
Average Single Family Home	316,100	297,300
Capacity Utilization	77.90%	79.25%

*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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