

# September 2017 Market Watch

The S&P 500, Nasdaq Composite, and Russell 2000 each hit all-time highs during the last day of trading in September as domestic markets finished sharply positive for the month. The Russell 2000, this year's laggard, was the best performing domestic index during the month (+6.1% MTD), led in part by renewed focus in Washington on tax reform. The Russell 2000, which largely consists of domestically-focused, small-cap stocks, could potentially benefit the most from a future cut in U.S. corporate tax rates.

The Dow Jones Industrial Average (DJIA), S&P 500, and NASDAQ finished September up +2.1% MTD, +1.9% MTD, and +1.0% MTD, respectively. The rally was broad-based, as eight of the eleven S&P 500 sectors finished the month in positive territory. The Energy sector (+9.9% MTD) was this month's leader as crude oil prices rallied (+9.4% MTD) following disruptions from hurricanes Harvey and Irma. The Utilities (-2.7% MTD), Real Estate (-1.5% MTD), and Consumer Staples (-0.9% MTD) sectors finished down for the month.

The NASDAQ Composite remains this year's best performing (+20.7% YTD) domestic index. The index has been aided by its roughly 50% concentration in the technology sector, which has been the best performing sector year-to-date (+27.4% YTD). Only the Energy (-6.6% YTD) and Telecom (-4.7% YTD) sectors are in negative territory for the year. This is the result of declines in crude oil (-3.7% YTD) prices and heavy pricing wars among the domestic wireless carriers.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	9/30/2017	9/23/2017	%chg	8/31/2017	%chg	9/30/2016	%chg	Return*
<b>DJIA</b>	22,405.1	22,349.6	0.2%	21,948.1	2.1%	18,308.2	22.4%	13.4%
<b>S&amp;P 500</b>	2,519.4	2,502.2	0.7%	2,471.7	1.9%	2,168.3	16.2%	12.5%
<b>NYSE Comp Index</b>	12,209.2	12,151.8	0.5%	11,875.7	2.8%	10,721.7	13.9%	10.4%
<b>NASDAQ Composite</b>	6,496.0	6,426.9	1.1%	6,428.7	1.0%	5,312.0	22.3%	20.7%
<b>Russell 2000</b>	1,490.9	1,450.8	2.8%	1,405.3	6.1%	1,251.7	19.1%	9.9%
<b>Japan Nikkei 225</b>	20,356.3	20,296.5	0.3%	19,646.2	3.6%	16,449.8	23.7%	6.5%
<b>MSCI EM (Emerging Markets)</b>	1,081.7	1,102.3	-1.9%	1,087.7	-0.5%	903.5	19.7%	25.4%
<b>MSCI EAFE</b>	1,973.8	1,977.6	-0.2%	1,930.8	2.2%	1,701.7	16.0%	17.2%
<b>FTSE 100</b>	7,372.8	7,310.6	0.8%	7,430.6	-0.8%	6,899.3	6.9%	6.6%
<b>SSE Comp Index</b>	3,348.9	3,352.5	-0.15	3,360.8	-0.4%	3,004.7	11.5%	7.9%

## US Equity Sector Performance

	September	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	0.8%	11.9%	14.5%
<b>Consumer Staples</b>	-0.9%	6.6%	4.4%
<b>Energy</b>	9.9%	-6.6%	0.2%
<b>Financials</b>	5.1%	12.5%	36.2%
<b>Health Care</b>	1.0%	20.3%	15.5%
<b>Industrials</b>	4.0%	14.1%	22.4%
<b>Information Tech</b>	0.6%	27.4%	28.9%
<b>Materials</b>	3.5%	15.8%	21.3%
<b>Telecom</b>	3.5%	-4.7%	-0.1%
<b>Utilities</b>	-2.7%	11.9%	12.0%
<b>Real Estate</b>	-1.5%	7.2%	2.2%

## US Equity Style Performance

	September	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	-2.6%	9.7%	8.3%
<b>AMEX DJ TRANS Avg.</b>	6.4%	10.8%	24.5%
<b>Russell 1000 Value</b>	3.0%	7.9%	15.1%
<b>Russell 1000 Growth</b>	1.3%	20.7%	21.9%
<b>Russell 2000 Value</b>	7.1%	5.7%	20.5%
<b>Russell 2000 Growth</b>	5.4%	16.8%	21.0%

**ROCKLAND**  
**TRUST**

Investment  
Management Group

International markets finished the month relatively mixed. Japan's Nikkei 225 (+3.6% MTD) and the MSCI EAFE (+2.2% MTD) indices were the best performers in September. For the year, emerging markets have experienced some of the strongest outperformance as seen in the MSCI EM index, which is up +25.4% YTD.

The fixed income markets were driven by hawkish comments coming from many members of the Federal Reserve, which has caused investors to speculate that there is a 75% chance that the Fed will raise benchmark interest rates again in December. Federal Reserve Chairwoman Janet Yellen, in a speech at the end of the month, warned against the Fed being too slow in normalizing interest rates. This led to a rise in interest rates across the yield curve. 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 seven basis points (bps) to 1.06%, while the yield on the 10-Year U.S. Treasury bond increased twenty-one bps to 2.33%.

The Bloomberg Commodity Index declined slightly during the month (-0.2% MTD). Gold was down -2.8% MTD to finish at \$1,284.80/ounce but remains up +11.6% YTD. The U.S. Dollar Index increased slightly during the month (+0.3% MTD) but remains sharply lower than where it stood at the beginning of the year (-9.2% YTD). A weaker U.S. currency is seen by some experts as a positive for U.S. corporate profits as it makes exports less expensive for foreign buyers and increases the value of companies' international earnings. Roughly 30% of the S&P 500 earnings are derived internationally.

## Bond Markets (%)

	9/30/17	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.06	0.99	0.27
US Benchmark Bond – 6 Mth	1.20	1.07	0.44
US Benchmark Bond – 2 Yr	1.47	1.32	0.76
US Benchmark Bond – 5 Yr	1.92	1.70	1.15
US Benchmark Bond – 10 Yr	2.33	2.12	1.60
US Benchmark Bond – 30 Yr	2.86	2.72	2.32

## US Bond Sector Performance

	September	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Aggregate Govt. Intrm.	-0.6%	0.0%	-0.7%

## Exchange Rates (per US dollar)

	9/30/17	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.251	1.254	1.314
Mexican New Peso	18.159	17.823	19.354
Euro	0.846	0.841	0.890
British Pound	0.745	0.776	0.770
Swiss Franc	0.968	0.961	0.969
Chinese Yuan	6.643	6.597	6.670
Indian Rupee	65.320	63.926	66.580
Japanese Yen	112.565	110.060	101.265

## Commodities (In US dollars)

	9/30/2017	1 Mth Ago	1 Yr Ago
Gold	1,284.80	1,322.20	1,317.10
Crude Oil	51.67	47.23	48.24
US Dollar Index	92.88	92.63	95.39
DJ UBS Commodity IDX	84.46	84.66	85.34

## Interest Rates (%)

	9/30/17	1 Mth Ago	1 Yr Ago
Prime Rate	4.25	4.25	3.50
Federal Funds Rate	1.16	1.16	0.38
Libor Rate 30 Day	1.23	1.23	0.53
Libor Rate 3 Months	1.33	1.32	0.85
30yr Fixed Mortgage	3.83	3.82	3.42

## Economic Sentiment

	9/30/17	1 Yr Ago
Unemployment Rate	4.40%	4.90%
Average Single Family Home	296,100	277,800
Capacity Utilization	76.12%	75.64%

\*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.

**ROCKLAND**  
**TRUST**

Investment  
Management Group

**Not FDIC Insured · Not Bank Guaranteed · May Lose Value · Not a Deposit ·  
Not Insured by any Federal Government Agency**

Investments in stocks, bonds, mutual funds, and other securities are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the FDIC (Federal Deposit Insurance Corp.), the Federal Reserve Board, or any other government agency. Investments in stocks, bonds, and mutual funds involve risks, including possible loss of principal.