Weekly Market Update

General Market News

- Rates moved lower last week after the Federal Reserve (Fed) decided to take a wait-and-see approach and leave rates where they were. The 10-year U.S. Treasury was as low as 2.61 percent late last week and opened at 2.70 percent on Monday. Meanwhile, the 2-year opened at 2.52 percent and the 30-year opened at 3.05 percent. Part of the short end of the curve remained inverted.

- All three U.S. indices were up on the week. They were supported by earnings and continued dovish commentary from the Federal Open Market Committee (FOMC) following its January meeting. The FOMC noted that it can be patient as it determines what future adjustments may be necessary. This early commentary supports investors who believe 2019 may see a slower increase in rate hikes than in years past.

- Strong earnings from some of the more cyclical sectors, including energy, communication services, and industrials, also helped support a risk on trade. Among those were Facebook (FB), Exxon Mobil (XOM), and Chevron (CVX). Increased daily active user growth bolstered the social media company, while strong production trends offered support for the oil firms.

- Last week was very busy on the economic front, with a normal schedule of data releases plus the influx of data that was delayed during the government shutdown. On Tuesday, the Conference Board Consumer Confidence Index fell to an 18-month low of 120.2 in January. This is down from 128.1 in December and was likely due in large part to the government shutdown.

- On Wednesday, the FOMC voted unanimously to keep the federal funds rate unchanged. This was widely expected by market participants.

- On Friday, the Institute for Supply Management (ISM) Manufacturing index rose to 56.6 in January, recovering some of the decline from December. Also on Friday, January's employment report was released. A total of 304,000 new jobs were added during the month. The unemployment rate grew to 4 percent, but that was driven by more people entering the labor market.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	1.62	8.13	8.13	–2.17
Nasdaq Composite	1.40	9.52	9.52	–0.58
DJIA	1.33	7.57	7.57	–2.09
MSCI EAFE	0.95	6.53	6.53	–12.19
MSCI Emerging Markets	1.74	8.80	8.80	–13.49
Russell 2000	1.31	11.45	11.45	–3.65

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.81	0.81	2.27
U.S. Treasury	0.19	0.19	2.74
U.S. Mortgages	0.72	0.72	3.35
Municipal Bond	0.47	0.47	2.91

Source: Morningstar Direct

What to Look Forward To

With the government shutdown over, this week's reports are expected to be available on time.

On Tuesday, the ISM Nonmanufacturing index is expected to pull back slightly, from a very strong 58 to 57.3. This is a diffusion index, where values above 50 indicate expansion and below 50 indicate contraction. So, this would be a very healthy figure, despite the small pullback.

On Wednesday, the international trade report is expected to show the trade deficit improving slightly, from $55.5 billion to $54 billion. This report is unusual, as it will reflect delayed data from November due to the shutdown. Based on already-reported

What to Look Forward To (continued)

results from other countries, however, there may be significant downside risk to this number. If so, this will be a headwind to fourth-quarter growth.

The reports still outstanding from past weeks include retail sales, housing starts, personal income and spending, December's international trade report, and the fourth-quarter gross domestic product number.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays U.S. Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than $50 million. Rev. 02/19.

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