

## MONTHLY MARKET REPORT

### MARCH 2019

#### US MARKETS

Stocks rallied on growing optimism that a trade agreement between the U.S. and China may be imminent as well as news that the Fed has paused any further interest rate hikes.

The Dow Jones Industrial Average led for the month, gaining 3.67 percent. The Standard & Poor's 500 rose 2.97 percent, while the NASDAQ Composite added 3.44 percent.<sup>1</sup>

“

You just can't beat the person who never gives up.

**George Herman “Babe” Ruth Jr., 7-time MLB World Series champion**

After January's already-exceptional performance, stocks began February modestly higher. These same gains muted worries that China and the U.S. would not reach a trade agreement by March 1st.

#### MIXED SIGNALS

A weak December retail sales number sent a surge of anxiety through investors, feeding concerns that slowing economic data may be pointing to a slowdown. But investors quickly shrugged off the news and focused on an improved outlook for trade negotiations, a rally in oil prices, and the diminished likelihood of another federal government shutdown.

Stocks extended their gains as the month wore on. The markets welcomed news released by the Federal Open Market Committee (FOMC), which confirmed that the Fed governors had adopted a “wait-and-see” approach on future interest rate hikes.

## SECTOR SCORECARD

For the second consecutive time, all industry sectors finished the month in positive territory, with gains in Communication Services (+2.89 percent), Consumer Discretionary (+3.53 percent), Consumer Staples (+4.54 percent), Energy (+4.74 percent), Financials (+2.27 percent), Health Care (+3.37 percent), Industrials (+9.32 percent), Materials (+4.91 percent), Real Estate (+4.47 percent), Technology (+7.78 percent), and Utilities (+6.30 percent).<sup>2</sup>

### U.S. Market Recap for February 2019



S&P 500	NASDAQ	Russell 1000	10-Year Treasury
↑ 2.97%	↑ 3.44%	↑ 3.16%	↑ 2.71%
Month	Month	Month	Month
↑11.08%	↑13.52%	↑11.66%	↑0.02%
Year-to-Date	Year-to-Date	Year-to-Date	Year-to-Date

**Yahoo Finance, February 28, 2019. The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid.**

## WHAT INVESTORS MAY BE TALKING ABOUT IN APRIL

The current economic expansion reached the age of 104 months in February, making it the third-longest expansion in U.S. history. By May 2019, it will become the second-longest stretch of economic growth on record.<sup>3</sup>

To gain a better understanding of what may lie ahead for economic growth and corporate earnings, investors may want to keep an eye on overseas markets.

## GROWTH RATES

In the three largest economic zones outside of the U.S. -- the European Union (EU), Japan, and China -- economic growth rates are trending lower. In the EU, for example, the European Commission recently reduced its Gross Domestic Product growth rate estimate for 2019 to 1.5 percent, from 1.9 percent in 2019.<sup>4,5</sup>

Economic conditions abroad can impact on U.S. firms, since 29 percent of all revenues generated by S&P 500 companies are attributable to overseas markets.<sup>6</sup>

## WORLD MARKETS

Progress in trade negotiations between the U.S. and China boosted international stocks, leading to a gain of 2.62 percent in the MSCI-EAFE Index for February.<sup>7</sup> European stocks posted generally solid gains with France leading, up 5%. The Netherlands, Switzerland, and the U.K. enjoyed strong gains. Germany rose 3.1%, despite economic concerns and continuing potential tariffs on its auto exports to the U.S.<sup>8</sup>

Among Pacific Rim markets, Hong Kong, Australia, and Japan notched healthy gains.<sup>9</sup>

## World Market Recap for February 2019



EMERGING MARKETS	FEBRUARY	YEAR-TO-DATE
Hang Seng (China)	↑ 2.5%	↑ 10.8%
Kospi (Korea)	↓ -0.4%	↑ 7.6%
Nikkei (Japan)	↑ 2.9%	↑ 6.8%
Sensex (India)	↓ -1.1%	↓ -0.6%
Jakarta Composite (Indonesia)	↓ -1.4%	↑ 4.0%
Bovespa (Brazil)	↓ -1.9%	↑ 8.8%
IPC All-Share (Mexico)	↓ -2.6%	↑ 2.8%
Merval (Argentina)	↓ -3.9%	↑ 13.8%
ASX 200 (Australia)	↑ 5.2%	↑ 9.3%
<b>EUROPE</b>		
DAX (Germany)	↑ 3.1%	↑ 9.1%
CAC 40 (France)	↑ 5.0%	↑ 10.8%
Dow Jones Russia Index (Russia)	↓ -2.2%	↑ 11.2%
FSTE 100 (Great Britain)	↑ 1.7%	↑ 5.5%

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## INDICATORS

### GROSS DOMESTIC PRODUCT

Exceeding expectations, the economy grew at an annual rate of 2.6 percent in the fourth quarter. However, this 2.6 percent increase was a deceleration from prior quarters in 2018. Economic activity was held back by a slowdown in consumer spending, even as business investment and exports grew.<sup>10</sup>

## EMPLOYMENT

Nonfarm payrolls increased by 304,000 in January, marking the 100th straight month of job increases. This marks the sixth consecutive month that wage growth had exceeded 3 percent. The unemployment rate ticked higher to 4 percent, from 3.9 percent in January.<sup>11</sup>

## RETAIL SALES

Retail sales declined 1.2 percent in December, the sharpest drop since 2009.<sup>12</sup>

## INDUSTRIAL PRODUCTION

Pulled down by a drop in vehicle production, industrial production fell 0.6 percent from the prior month.<sup>13</sup>

## HOUSING

Housing starts fell by 11.2 percent in December, touching levels not seen in more than two years.<sup>14</sup> Sales of existing homes slid 1.2 percent in January, falling for the third consecutive month. Relative to January 2018, sales were lower by 8.5 percent.<sup>15</sup> New home sales reports were delayed into March due to the backlog caused by the federal government shutdown.

## CONSUMER PRICE INDEX

Prices for consumer goods were unchanged in January, held down by a decline in energy costs. Year-over-year, inflation was 1.6 percent.<sup>16</sup>

## DURABLE GOODS ORDERS

Durable goods orders increased 1.2 percent in December, closing out the year with an 8.1 percent jump from 2017 levels.<sup>17</sup>

## THE FED

The Fed decided at January's FOMC meeting that it would stop the unwinding of its balance sheet later in the year.

Meeting minutes also confirmed that officials would place a pause on its earlier interest rate hike plans; though the committee was split on whether another rate hike would be implemented in 2019.<sup>18</sup>

# BY THE NUMBERS

## DIGITAL SECURITY

### FACEBOOK<sub>19</sub>

Most popular social networking app in the United States

### INSTAGRAM<sub>19</sub>

Second-most popular

### 169 MILLION<sub>19</sub>

Number of Facebook users in 2018

### 117 MILLION<sub>19</sub>

Number of Instagram users

### 83 MILLION<sub>20</sub>

Number of people living in Germany

### 1,579<sub>19</sub>

Total number of data breaches in the U.S. in 2017

### 179 MILLION<sub>19</sub>

Number of retirees who filed early in 2016

### \$92 BILLION<sub>19</sub>

Size of the global information security technology market

### \$56 BILLION<sub>20</sub>

Size of the total economy of Uruguay

### 10% PER YEAR<sub>19</sub>

Percentage growth expected in the industry between now and 2022

**123456<sub>19</sub>**

Most common password unscrambled from the 2012 LinkedIn.com data breach

**753,000<sub>19</sub>**

Number of LinkedIn users with this password

**LINKEDIN<sub>19</sub>**

Next most-commonly used password

**173,000<sub>19</sub>**

Number of users with this password

**69 DAYS<sub>22</sub>**

Number of days it takes to contain a breach once it has been identified

**\$36,000 TO \$50,000<sub>21</sub>**

Average cost of a data breach for small businesses

**\$86,500<sub>21</sub>**

For medium-sized businesses

**\$141<sub>21</sub>**

Average cost per compromised record

**197 DAYS<sub>22</sub>**

How long it takes, on average, to figure out a breach has occurred

**80%<sub>23</sub>**

Percent of people who reuse their passwords across multiple services

**150<sub>23</sub>**

Number of passwords the average person has

**23%<sub>23</sub>**

Percent of employees who use their social media credentials to log into systems at work

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Please consult your financial advisor for additional information.

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