CETERA® INVESTMENT MANAGEMENT

WEEKLY VANTAGE POINT

August 12-16, 2019

Economic Calendar

Monday, August 19
No Major Releases;

Tuesday, August 20
No Major Releases;

Wednesday, August 21
Weekly Mortgage Applications, Existing Home Sales, FOMC Meeting Minutes;

Thursday, August 22
Jobless Claims, Markit Manufacturing & Services PMIs, Leading Indicators;

Friday, August 23
New Home Sales.

What We're Reading

Expectations High at Jackson Hole

Germany May Ditch Balanced Budget

Trump Warns Violence Will Hurt Trade Deal

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Equities Weaken a Third Week

Bond Yields Plummet

U.S. stocks ended a volatile week with back-to-back daily gains, trimming its third straight weekly loss to under 1% after skidding to a two-month low on Wednesday. The S&P 500's near 3% mid-week loss was caused by a global flight to safety after Germany reported its economy fell into contraction in the second quarter and China's industrial output growth slowed to its slowest pace in 17 years. The outsized rotation from stocks into U.S. Treasuries pushed the yield curve between two- and 10-year notes to briefly invert, flashing a warning signal that has predicted previous recessions.

Weekly Performance

For the week, the Dow Industrials lost 1.53%, the S&P 500 fell 0.94%, and the tech-heavy Nasdaq Composite declined by 0.74%. Through Friday, the S&P 500 widened its pullback from its July 26 record high to 4.37%.

Retail Sales Jump

Retail sales surged in July, more than doubling the projected increase (0.7% vs. 0.3%), while core retail sales that exclude auto sales jumped 1%, widely surpassing forecasts for a 0.4% increase. The data shows that consumers are spending more than enough to keep the economy growing.

Energy Sector Leads Declines

Eight of the 11 major sectors posted losses last week, led by Energy (-3.34%), Financials (-2.14%), and Materials (-1.97%). Consumer Staples (+1.60%), Utilities (+0.81%), and Real Estate (+0.44%) gained the least.

Treasurys Continue Their Surge

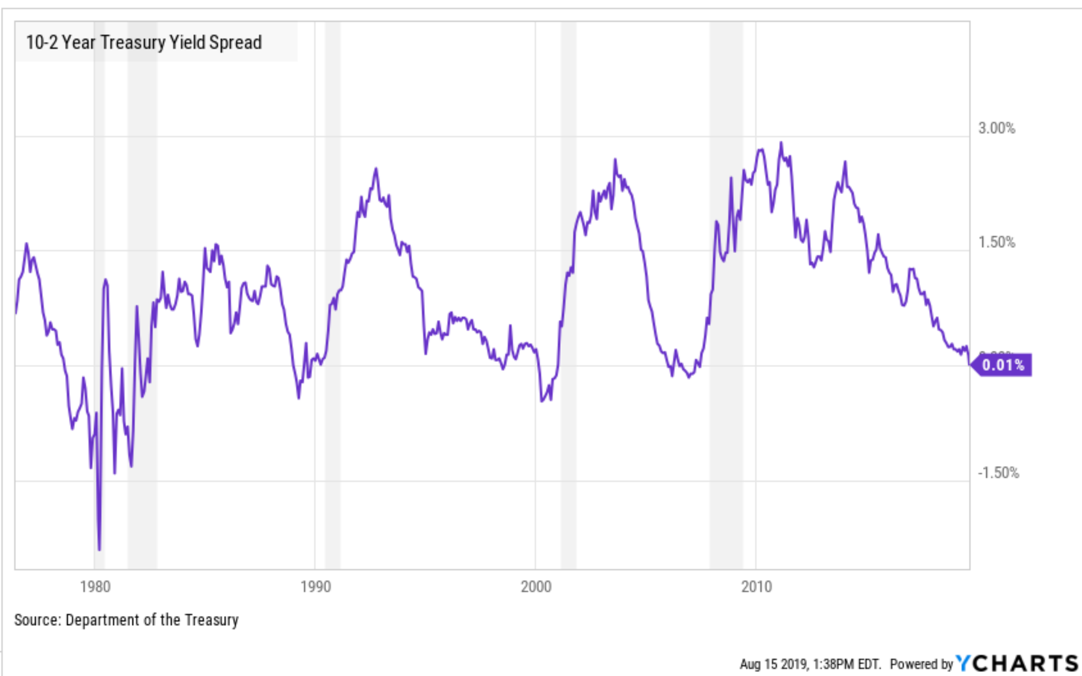
10-year Treasury yields fell 0.19%, pushing bond prices up. The Barclays Aggregate Bond Index was up nearly 1% last week and longer-dated Treasuries were up over 4%. The 10-year Treasury yield dipped below the two-year Treasury yield at one point during the week. This can be viewed as a recession indicator. The U.S. Dollar Index rose over 1% last week. U.S. crude oil ended the week relatively flat.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.53	-3.64	0.09	10.97	1.28	11.75
S&P 500	-0.94	-2.92	0.94	16.73	3.78	12.11
NASDAQ Composite	-0.74	-3.31	0.24	19.83	2.26	16.02
Russell 3000	-1.03	-3.21	0.50	16.62	2.50	11.76
MSCI EAFE	-1.45	-4.29	-2.39	7.75	-2.92	4.95
MSCI Emerging Markets	-1.03	-6.31	-2.76	2.34	-2.55	4.40
Bonds	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Barclays Agg Bond	0.95	2.29	5.09	8.78	10.03	3.07
Barclays Municipal	0.50	1.57	3.24	7.61	8.80	3.32
Barclays US Corp High Yield	-0.17	-0.81	1.39	9.67	5.78	5.93
Commodities	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg Commodity	-0.80	-2.69	-3.86	1.55	-5.35	-2.14
S&P GSCI Crude Oil	0.71	-6.44	-13.08	20.70	-15.53	5.10
S&P GSCI Gold	1.00	5.97	17.93	18.91	28.70	3.94

Source: Morningstar

Chart of the Week: Key Section of Treasury Curve Inverts



Source: YCharts, U.S. Department of the Treasury.

The two-year/10-year yield curve (10-Year Treasury yield vs two-Year Treasury yield) briefly inverted for the first time since 2007 last Wednesday. This indicator has preceded the last five recessions by an average of 17 months. Weaker economic data and falling bond yields globally was the impetus for the two-year/10-year yield curve inversion. Other parts of the yield curve have been inverted for several months. Manufacturing data has weakened in recent months, but a recession is unlikely in the near-term based on the strength of consumer spending, continued labor market growth, and solid services activity domestically.

This report is created by Cetera Investment Management LLC.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

Glossary
The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe. It includes approximately 800 of the smallest companies in the Russell 1000 Index, based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 Index.

The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindicies of the Municipal Index have historical data to January 1980. In addition, several subindicies based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **MSCI All-Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The SMCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

West Texas Intermediate (WTI) is crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing several other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

The Cboe Volatility Index® (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720 and has been as low as 70.698 in March 2008.