

WEEKLY VANTAGE POINT

September 9-13, 2019

Economic Calendar

Monday, September 16
Empire State Manufacturing;

Tuesday, September 17
Industrial Production,
Housing Market Index;

Wednesday, September 18
Housing Starts & Permits,
FOMC Rate Decisions;

Thursday, September 19
Philly Fed Business Outlook,
Leading Indicators, Existing
Home Sales;

Friday, September 20
Household Net Worth.

What We're Reading

[Trade Tensions Ease](#)

[Drones Attack Saudi Oil
Facilities](#)

[China Slowdown Deepens](#)

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Stocks Near Record Highs

Trade Optimism Returns

U.S. stocks ended mixed and little changed on Friday, with the Dow Industrials posting an eighth consecutive advance, its longest sustained rally this year. All three major equity indices posted a third straight weekly gain amid easing trade tensions between the U.S. and China along with receding concerns for a recession. Financial markets also priced in near-certain odds for a quarter-point Federal Reserve rate cut this week on Wednesday, September 18.

Weekly Performance

For the week, the Dow Industrials gained 1.57%, the S&P 500 rose 1.02%, and the tech-heavy Nasdaq Composite increased by 0.94%. The S&P 500 ended the week above 3,000 for the first time since July 30 and closed within 0.61% of its all-time high.

Retail Sales Surprise Higher

U.S. retail sales topped forecasts in August and follows an upwardly revised increase the month prior. The report suggests a solid start for third quarter household spending, which expanded in the second quarter at the fastest pace since 2014.

Financials Perform Best

Eight of the 11 major sector groups climbed higher last week, led by Financials (+3.93%), Energy (+3.48%), and Materials (+3.42%). Real Estate (-3.08%), Consumer Staples (-0.76%), and Technology (-0.35%) lagged.

Treasurys Prices Slip

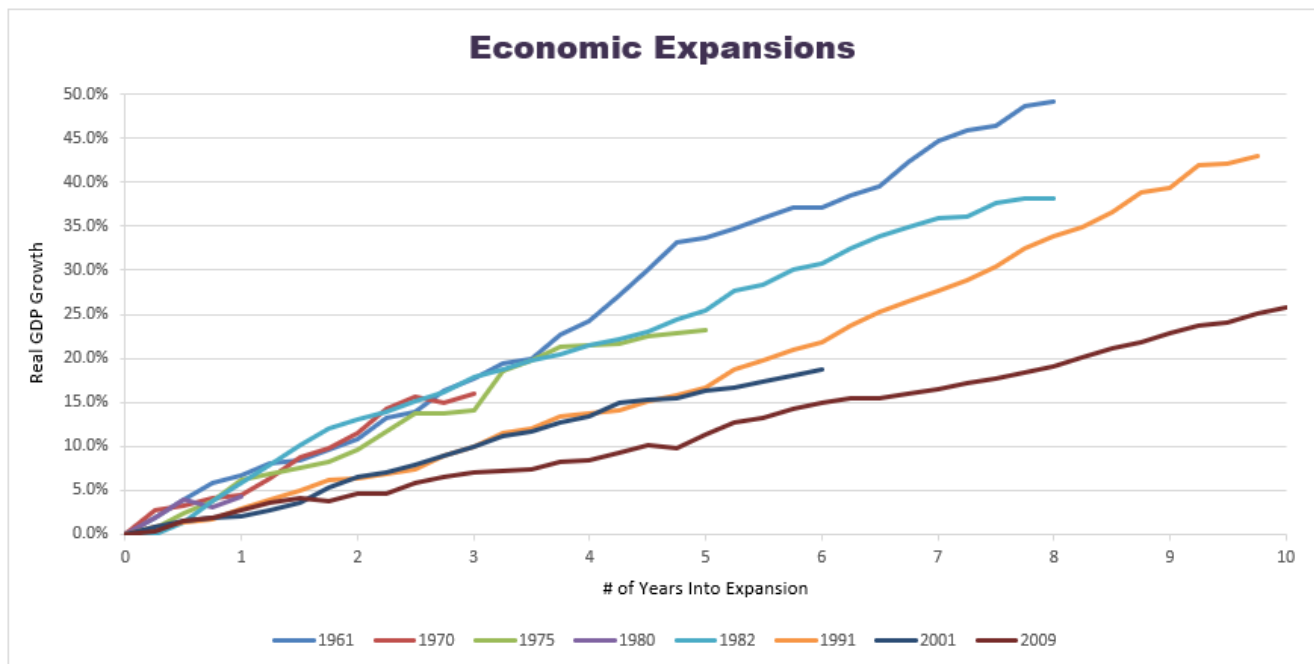
Treasury prices slumped on Friday following news of strong retail sales, sending the yield on benchmark 10-year Treasury notes up nearly 13 basis points to end the week at 1.90%, its highest yield in more than six weeks. The benchmark yield climbed an eighth day and capped the week up nearly 34 basis points—its biggest surge in almost three years. The U.S. Dollar Index fell by 0.14% last week, while U.S. crude oil futures fell a fourth day, ending at \$54.85/barrel and down 2.95% for the week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.57	3.09	4.26	16.68	4.11	14.65
S&P 500	1.02	2.87	4.53	21.73	5.70	14.53
NASDAQ Composite	0.94	2.74	4.61	24.20	3.17	17.92
Russell 3000	1.22	2.93	4.17	21.49	4.28	14.09
MSCI EAFE	1.99	4.27	2.67	14.34	2.48	7.56
MSCI Emerging Markets	1.91	4.38	1.54	8.46	3.48	7.55
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	-1.66	-1.88	1.80	7.13	8.63	2.74
Barclays Municipal	-1.09	-1.24	1.42	6.27	7.78	3.05
Barclays US Corp High Yield	0.19	0.46	2.41	11.51	6.76	6.53
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.08	2.28	1.94	4.25	-2.64	-0.23
S&P GSCI Crude Oil	-3.04	-0.54	4.30	20.68	-19.95	6.51
S&P GSCI Gold	-1.06	-1.96	11.59	17.03	24.13	4.25

Source: Morningstar

Chart of the Week: Insights on Current Expansion



Source: Cetera Investment Management, Federal Reserve Bank of St. Louis, U.S. Bureau of Economic Analysis. The chart shows the level of Real GDP growth for U.S. economic expansions since 1961. Data as of 6/30/2019.

The current economic expansion beginning in 2009 is the longest in U.S. history and has lasted for more than a decade. The pace of growth, however, is slower than all previous economic expansions since 1960. The slow pace of growth is a big reason why the Fed has been able to keep interest rates at historically low levels for the majority of this expansion.

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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 subindices of the Municipal Index have historical data to January 1980. In addition, several subindices 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 MSCI 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.