

Weekly Market Overview

October 8, 2018



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management

The fourth quarter continues to be raucous, as this past week the major indices all posted losses. Size was once again a significant differentiating factor, but unlike prior selloffs, this time the smaller the capitalization, the greater the decline. Another differentiating factor that here-to-fore had been absent was the impact of interest rates on investor preference. This was clear when looking at the selling pressure among the large-cap growth stocks, as the Russell 1000 Growth Index lost 2.36% to the fractional 0.14% gain posted by the Russell 1000 Value Index last week. The decline last week was led by a 4.25% decline among consumer durables, and weakest among the group were the apparel companies and toy makers. The newly-launched communication services sector, now home to Facebook, Alphabet, Disney, AT&T and Verizon, was the second weakest group, posting a loss of 2.41%. Following close behind in third place with a 2.27% decline was the technology sector. Not only was the sector roiled by the impact of rising rates, but news of an ongoing investigation into a covert hardware hack traced back to components manufactured in China contributed to the exodus. There were bright spots last week, as both the energy and utility sectors added 1.87% on strong economic data indicating the future demand will remain robust. The bump up in rates brightened the outlook for the banking sector as well, sending the financial sector up 1.52% for the week. Global equity markets suffered significantly greater losses last week, as several political issues converged to sour investor sentiment and create doubt regarding projected growth for 2019. The MSCI EAFE® Index fell 2.35%, as political turmoil in Italy shook investor confidence in the EU. The MSCI Emerging Market Index lost 4.5%, as concerns loom over the political situations in Brazil, Turkey and Argentina, along with the mounting economic headwinds in India. Energy (natural gas in particular) posted gains for the week, while industrial metals were mixed. The winner in the commodity space was agriculture, as most grains added over 2%, and livestock, led by a 9.7% gain in pork prices, were stronger still.

In recent discussions with clients, the question of trade and its impact is the principal topic of interest. I defer on the specifics to Comerica's Chief Economist, Dr. Robert Dye, and his extensive writings on the topic. But to lend some background to the issue and why this is such a focal point, I thought it useful to get a better understanding of the scale and the U.S.'s place in the world economy. Exhibit 1 lays out global GDP and factors, such as growth and unemployment, and as you can see, the U.S. is in first place by a considerable margin. The reason the negotiations with China are so critical can be easily gleaned from their rate of growth and proximity to the number two position. In just over thirty years, China has gone from barely making this list to very soon standing in second place and, if the growth rate persists and they are not overtaken by demographic issues, they will surpass the U.S. in less than a generation. So, these issues are important, and much of what the future will look like may depend upon the outcome.

Weekly Market Overview

October 8, 2018



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management

99) Export To Excel		Global Economy Watch							
	Annual GDP (BLN USD)	GDP		Surplus/Def		CPI		Jobless	
		%YoY	Month	% GDP	Month	%YoY	Month	Rate	Month
World	80,683.79	--	--	--	--	--	--	--	--
1) United States	19,390.60	2.90	6/18	-3.70	6/18	2.70	8/18	3.70	9/18
2) Eurozone	12,589.50	2.10	6/18	-0.90	12/17	2.10	9/18	8.10	8/18
3) China	12,237.70	6.70	6/18	-3.72	12/17	2.30	8/18	3.83	6/18
4) Japan	4,872.14	1.30	6/18	-2.51	12/19	1.30	8/18	2.40	8/18
5) Germany	3,677.44	2.00	6/18	1.30	12/17	2.30	9/18	5.10	9/18
6) United Kingdom	2,622.43	1.20	6/18	-1.90	12/17	2.70	8/18	4.00	7/18
7) India	2,597.49	8.20	6/18	-3.67	12/16	3.69	8/18	8.80	12/17
8) France	2,582.50	1.70	6/18	-2.60	12/17	2.20	9/18	9.10	6/18
9) Brazil	2,055.51	1.03	6/18	-7.45	8/18	4.53	9/18	8.20	2/16
10) Italy	1,934.80	1.19	6/18	-2.30	12/17	1.50	9/18	10.74	6/18
11) Canada	1,653.04	2.40	7/18	-0.99	12/19	2.80	8/18	5.90	9/18
12) Russia	1,577.52	1.90	6/18	0.80	12/14	3.40	9/18	4.60	8/18
13) S.Korea	1,530.75	2.80	6/18	1.91	12/19	1.90	9/18	4.20	8/18
14) Australia	1,323.42	3.40	6/18	0.16	12/19	2.10	6/18	5.30	8/18
15) Spain	1,311.32	2.50	6/18	-3.10	12/17	2.20	9/18	15.28	6/18
16) Mexico	1,149.92	2.61	6/18	-2.93	6/18	4.90	8/18	3.47	8/18
17) Indonesia	1,015.54	5.27	6/18	-1.76	12/12	2.88	9/18	5.13	2/18
18) Turkey	851.10	3.09	6/16	1.51	12/14	24.52	9/18	10.16	6/18
19) Netherlands	826.20	3.00	6/18	1.10	12/17	1.90	9/18	7.20	1/15

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 318524 EDT GMT-4:00 H011-97-1 07-Oct-2018 11:37:22

Exhibit 1 (Source: Bloomberg)

EQUITIES					S&P 500® SECTORS			
DOMESTIC			INTERNATIONAL			YTD	12MTH	
	LEVEL	YTD		LEVEL	YTD			
DJIA	26447.05	6.99%	FTSE 100	3345.51	-8.36%	Energy	9.46%	16.73%
S&P 500®	2885.57	7.93%	HANG SEN	26572.57	-11.43%	Material	-3.23%	1.47%
S&P 400	1967.99	3.55%	MSCI EAFE®	1927.14	-3.31%	Cons Disc	15.34%	24.43%
S&P 600	1020.67	9.02%	MSCI EMG	1000.76	-11.64%	Cons Stpl	-4.21%	2.28%
S&P 100	1283.34	8.47%	NIKKEI	23783.72	3.53%	Health Care	15.70%	15.75%
COMMODITIES			CURRENCIES			Comm Serv.	1.47%	2.04%
	LEVEL	YTD		LEVEL	YTD	Financials	1.69%	8.28%
Gold	1203.63	-7.61%	MXN/DLR	18.8246	4.43%	Technology	17.97%	26.64%
Silver	14.63	-13.60%	DLR/EUR	1.1524	-4.01%	Industrial	5.64%	10.54%
WTI	74.34	23.04%	DLR/GB	1.312	-2.91%	Utilities	4.62%	4.10%
Gasoline	2.09	15.95%	RMB/DLR	6.8688	-5.27%	KEY INTEREST RATES		
Nat Gas	3.14	6.43%	CDN/DLR	1.2939	-2.84%	LIBOR OVERNIGHT		2.1718%
						LIBOR 3 MONTH		2.4081%

Weekly Market Overview

October 8, 2018



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management Group
1717 Main Street, 3rd Floor, Dallas, Texas 75201 / 214.462.6690

NOTE: IMPORTANT INFORMATION

Unless otherwise noted, all statistics herein obtained from Bloomberg.

This is not a complete analysis of every material fact regarding any company, industry or security. The information and materials herein has been obtained from sources we consider to be reliable, but Comerica Wealth Management does not warrant, or guarantee, its completeness or accuracy. Materials prepared by Comerica Wealth Management personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of Comerica Wealth Management, including investment banking personnel.

The views expressed are those of the author at the time of writing and are subject to change without notice. We do not assume any liability for losses that may result from the reliance by any person upon any such information or opinions. This material has been distributed for general educational/informational purposes only and should not be considered as investment advice or a recommendation for any particular security, strategy or investment product, or as personalized investment advice.

Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The investments and strategies discussed herein may not be suitable for all clients. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations.

Comerica Wealth Management consists of various divisions and affiliates of Comerica Bank, including Comerica Bank & Trust, National Association; World Asset Management, Inc.; Comerica Securities, Inc.; and Comerica Insurance Services, Inc. and its affiliated insurance agencies. World Asset Management, Inc. and Comerica Securities, Inc. are federally registered investment advisors. Registrations do not imply a certain level of skill or training. Comerica Bank and its affiliates do not provide tax or legal advice. Please consult with your tax and legal advisors regarding your specific situation.

Non-deposit Investment products offered by Comerica and its affiliates are not insured by the FDIC, are not deposits or other obligations of or guaranteed by Comerica Bank or any of its affiliates, and are subject to investment risks, including possible loss of the principal invested. Past performance is not indicative of future results. Information presented is for general information only and is subject to change.

The S&P 500® Index, S&P MidCap Index, S&P 600 Index and Dow Jones Wilshire 5000 (collectively, "S&P® Indices") are products of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and Standard & Poor's Financial Services, LLC and has been licensed for use by Comerica Bank, on behalf of itself and its Affiliates. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). The trademarks have been licensed to SPDJI and sublicensed for certain purposes by Comerica Bank, on behalf of itself and its Affiliates. Nothing herein is sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices") or Standard & Poor's Financial Services LLC. Neither S&P Dow Jones Indices nor Standard & Poor's Financial Services, LLC make any representation or warranty, express or implied, to the owners of the content herein, or any member of the public regarding the advisability of investing in securities generally or in particular strategies or the ability of any particular strategy to track general market performance. SPDJI and Standard & Poor's Financial Services, LLC only relationship to Comerica Bank, on behalf of itself and its Affiliates with respect to the S&P® Indices is the licensing of the Indices and certain trademarks, service marks, and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P Indices are determined, composed and calculated by S&P Dow Jones Indices or Standard & Poor's Financial Services, LLC without regard to Comerica Bank and its Affiliates or any of the content herein. S&P Dow Jones Indices and Standard & Poor's Financial Services, LLC have no obligation to take the needs of Comerica and its Affiliates or the owners of any of the content herein into consideration in determining, composing or calculating the S&P Indices. Neither S&P Dow Jones Indices nor Standard & Poor's Financial Services, LLC are responsible for and have not participated in the determination of the prices, and amount of any particular strategy or the timing of the issuance or sale of any particular strategy or in the determination or calculation of the equation by which any particular strategy is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices and Standard & Poor's Financial Services, LLC have no obligation or liability in connection with the administration, marketing or trading of any particular strategy. There is no assurance that any particular investment product based on the S&P Indices will accurately track index performance or provide positive investment returns. SPDJI is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

Weekly Market Overview

October 8, 2018



**Peter Sorrentino, Chief Investment Officer, Comerica Asset Management Group
1717 Main Street, 3rd Floor, Dallas, Texas 75201 / 214.462.6690**

NOTE: IMPORTANT INFORMATION

NEITHER S&P DOW JONES INDICES NOR STANDARD & POOR'S FINANCIAL SERVICES, LLC GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE WAM STRATEGIES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND STANDARD & POOR'S FINANCIAL SERVICES, LLC SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND STANDARD & POOR'S FINANCIAL SERVICES, LLC MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY COMERICA AND ITS AFFILIATES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P INDICES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR STANDARD & POOR'S FINANCIAL SERVICES, LLC BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND COMERICA AND ITS AFFILIATES, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

"Russell 2000® Index" is a trademark of Russell Investments, licensed for use by Comerica Bank and World Asset Management, Inc. The source of all returns is Russell Investments. Further redistribution of information is strictly prohibited.

MSCI EAFE® is a trade mark of Morgan Stanley Capital International, Inc. ("MSCI").

FTSE International Limited ("FTSE") © FTSE 2016. FTSE® is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data.