

Weekly Market Overview

January 7, 2019



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management

The first week of 2019 was a roller coaster for investors, fueled by a data tug-of-war. Mid-week, China announced a reduction in its 2019 growth forecast. That led to a harrowing decline for those U.S. stocks with significant revenue exposure to China. This was then followed, on Thursday, by two conflicting reports for December, with the ADP employment survey showing much stronger than forecast employment and wage trends, and the ISM manufacturing data indicating a marked slowdown from the November report. That last stalemate was broken on Friday morning with what Comerica's Chief Economist, Dr. Dye, characterized as a 'whale of a jobs report' from the Bureau of Labor Statistics that was considerably stronger than forecast. That seemed to resolve any questions regarding the strength of the economy, and by Friday's closing bell, it was smiles all around. Leading the way last week, on news of a massive production cut by Saudi Arabia, was energy, adding 4.46% for the week. In second place were the communication stocks, up 3.84% on strength in the entertainment group. Consumer discretion rounded out the top three adding 2.18%, thanks to strong gain among an eclectic blend of travel and lodging stocks. The leadership had a distinctly small company bias, as the S&P 600 Index delivered a 3.23% gain compared to the S&P 500® Index advance of 1.74%. Internationally, the developed markets added 0.98%, while emerging markets slipped 0.66% on higher energy prices and a stronger U.S. dollar. In commodities, energy led the way with crude oil gaining 7% on the Saudi production cut, and agricultural prices picked up two to three percent on slightly lower than forecast inventory data. In metals, it was a good week for precious metals, as silver gained 1.5%, but industrial metals were generally lower as commodity investors assessed the Chinese announcement.

On that announcement by the Chinese, we need to remember that many times what is said is not intended for international consumption, but domestic. The "official" Chinese growth rates being a case in point. There is a wealth of data available for testing those releases. One of my favorites is the data series on kilowatt hour (kWh) production, which for most countries tracks very closely with the rate of change in GDP or even national income accounts. But for China, it is a very different story, and for the largest producer of electricity on the planet, that is very telling. By way of comparison, China is producing 5.88 trillion kWh compared to 4.1 for the U.S. India comes in at number three with 1.4. During its days of wine and roses, China was growing kWh at twelve to fourteen percent a year. Even in the "recession" years of 2010, 2011 and 2014, they managed growth of six percent. But the rebound in 2015 was only to a nine percent growth rate, and in 2016, it slowed to just over four percent. So, when you see talk of six and seven percent growth rates, it would be wise to take that with a grain of salt. China is evolving beyond the export-driven model, and as it was in the U.S., that change will come with challenges and a certain degree of domestic tension. We may be the scapegoat the leadership in China needs as cover for the tough changes they plan to make.

Weekly Market Overview

January 7, 2019



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management

EQUITIES						S&P 500 [®] SECTORS		
DOMESTIC			INTERNATIONAL				<u>YTD</u>	<u>12MTH</u>
	<u>LEVEL</u>	<u>YTD</u>		<u>LEVEL</u>	<u>YTD</u>			
DJIA	23422.16	0.45%	FTSE 100	6837.42	1.62%	Energy	4.46%	-17.60%
S&P 500 [®]	2531.94	1.00%	HANG SEN	25626.03	-0.88%	Material	1.49%	-16.85%
S&P 400	1684.34	1.28%	MSCI EAFE [®]	1736.69	0.98%	Cons Disc	2.18%	-0.27%
S&P 600	862.32	2.06%	MSCI EMG	964.97	-0.66%	Cons Stpl	0.99%	-7.61%
S&P 100	1126.64	1.15%	NIKKEI	19561.96	-1.16%	Health Care	-0.62%	2.47%
						Comm Serv.	3.84%	-7.98%
						Financials	1.79%	-13.04%
						Technology	-0.79%	-5.10%
						Industrial	1.24%	-14.65%
						Utilities	-0.23%	6.53%
COMMODITIES			CURRENCIES			KEY INTEREST RATES		
	<u>LEVEL</u>	<u>YTD</u>		<u>LEVEL</u>	<u>YTD</u>			
Gold	1284.69	0.17%	MXN/DLR	19.4053	1.26%	LIBOR OVERNIGHT		2.3940%
Silver	15.70	1.35%	DLR/EUR	1.1408	-0.51%	LIBOR 3 MONTH		2.8039%
WTI	48.41	6.61%	DLR/GB	1.2733	-0.16%			
Gasoline	1.36	2.92%	RMB/DLR	6.8692	0.14%			
Nat Gas	2.93	-0.17%	CDN/DLR	1.3375	1.96%			

Weekly Market Overview

January 7, 2019



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

January 7, 2019



**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.