

# Weekly Market Overview

February 18, 2019



*Peter Sorrentino, Chief Investment Officer, Comerica Asset Management*

Last week had all the trappings of a cyclical recovery. Energy stocks, buoyed by a 2.5% rise in crude oil prices, led the market by posting a 5% gain. Clustered tightly in second and third place were the industrials (+3.59%) and the materials (+3.38%) sectors. In keeping with the strength in the cyclicals was the weak performance of the traditionally-defensive sectors: utilities (+0.05%), telecommunications (+0.98%) and consumer staples (+1.04%). Lacking a strong showing by technology shares, the market took on a value tilt for the week with the Russell 1000<sup>®</sup> Value Index advancing 2.78% to the 2.34% gain of the Russell 1000<sup>®</sup> Growth Index. In the size derby was a week of “less was more”, as the S&P 600<sup>®</sup> Index gained 4.4%, the S&P 400<sup>®</sup> Index gained 3.3% and the S&P 500<sup>®</sup> Index gained 2.5%. Internationally, however, the reverse was true, as the MSCI EAFE<sup>®</sup> Index picked up 1.96%, and the MSCI Emerging Market Index fell 0.52%. Commodity prices were generally positive, thanks to the pro-cyclical bent of the market last week which drove not only oil prices higher, but industrial metals increased as well. Agricultural prices were mixed, as many traders will be waiting for data from the USDA regarding planting intentions of U.S. farmers before altering their positions.

The ongoing leadership rotation among both sectors and capitalization highlights, once more, the need to rebalance portfolios. Portfolios overweighed by the heavily biased and narrow leadership of the previous advance are ill positioned to benefit from the emerging trends in the market. It was our anticipation of this that led us to move our asset allocation last year to embrace a slightly smaller average market capitalization and to add a slight emphasis to value over growth. What we did not do was make an all-in wager with client assets looking for a “winner take all” outcome. As none of us has precise knowledge of how and when the future will unfold, we rely upon financial discipline to guide us. By challenging the implications of the market's actions, we are able to see risks building and opportunities emerging. These insights assist us in our goal of optimizing the return potential, while seeking to abate a measure of market risk for client portfolios.

EQUITIES					S&P 500 <sup>®</sup> SECTORS			
DOMESTIC			INTERNATIONAL			YTD	12MTH	
	LEVEL	YTD		LEVEL	YTD			
DJIA	25883.25	10.96%	FTSE 100	7236.68	8.68%	Energy	15.39%	0.10%
S&P 500 <sup>®</sup>	2775.6	10.72%	HANG SEN	27900.94	7.72%	Material	7.89%	-8.02%
S&P 400 <sup>®</sup>	1914.01	15.09%	MSCI EAFE <sup>®</sup>	1840.1	7.23%	Cons Disc	10.81%	5.08%
S&P 600 <sup>®</sup>	975.24	15.42%	MSCI EMG	1030.63	6.79%	Cons Stpl	7.30%	0.77%
S&P 100 <sup>®</sup>	1217.96	9.34%	NIKKEI	20900.63	3.69%	Health Care	7.48%	10.64%
						Comm Serv.	10.75%	-0.63%
						Financials	10.98%	-7.07%
						Technology	12.34%	5.90%
						Industrial	17.53%	-0.17%
						Utilities	5.28%	15.18%
COMMODITIES			CURRENCIES			KEY INTEREST RATES		
	LEVEL	YTD		LEVEL	YTD			
Gold	1321.55	3.05%	MXN/DLR	19.2516	2.07%	LIBOR OVERNIGHT	2.3870%	
Silver	15.79	1.89%	DLR/EUR	1.1296	-1.49%	LIBOR 3 MONTH	2.6829%	
WTI	55.59	22.42%	DLR/GB	1.2889	1.06%			
Gasoline	1.57	18.83%	RMB/DLR	6.7731	1.56%			
Nat Gas	2.63	-10.71%	CDN/DLR	1.3244	2.97%			

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## **NOTE: IMPORTANT INFORMATION**

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