

Weekly Market Overview

March 18, 2019



Peter Sorrentino, Chief Investment Officer, Comerica Asset Management

Investors took heart from an uptick in the number of reported job openings, along with benign CPI and PPI reports to break the two-week slide in stock prices. The continued decline in long-dated interest rates sent the large cap growth stocks back into leadership, with technology shares climbing 4.56%. Following at a distant second were health care stocks, recovering 2.9%, following the 3.84% decline the week prior. Energy shares rounded out the top three with a gain of 2.5%, thanks in large part to another week of gains in oil (+4.37%) and gasoline (+3.11%) prices. The only sector to suffer negative performance for the second week in March was the industrials, where the grounding of the 737-Max aircraft negatively impacted the aerospace and airline stocks. While all major market segments posted positive results, the leadership was decidedly technology and heavily large cap as witnessed by the 3.78% gain registered by the NASDAQ and the 2.5% of the S&P 500[®] Index. Stair stepping down in size, the S&P 400[®] Index added 1.63%, while the S&P 600[®] Index added just 1.40%. Internationally, it was a good week for stocks, with both the MSCI EAFE[®] Index and MSCI Emerging Market Index gaining 2.78% and 2.64%, respectively. The yield on U.S. Treasuries declined further last week as the ten-year slipped below 2.6% to close the week with a 2.587% yield. Last week, the prices among commodities (outside of energy) were, for the most part, a minor reversal of the previous two weeks, as most industrial metals declined slightly, while among agricultural prices, livestock lost ground as grain prices moved higher.

With stocks once again posting gains, the conversation regarding the duration and magnitude of this bull market resurfaced. Many technicians pointed out, quite rightfully, that the advance is not to be measured either in scope or duration from the market's nadir at the depth of the Financial Crisis, but rather from that point at which the market was able to surpass on a sustained basis its previous peak. Why is this important? How we measure success is second only to how we go about achieving it. The process of benchmarking, or the mechanism by which we measure progress, is critical to staying focused on the achievement of investment objectives. It is why an entire industry has grown around the collection and analysis of investment returns for all investable asset classes. There exists a myriad of ways in which to view the performance of any given asset class. By way of example, you can look at the returns for the S&P 500[®] Index weighted by market capitalization (the most often used approach), or you can eliminate the capitalization bias and view the returns on an equal weighted basis. Beyond that simple change, it can be viewed through the lens of inflation or real versus nominal terms to adjust for purchasing power erosion. The returns can be calculated in a dollar-weighted fashion or time weighted (again, the most common approach). None of these is any better or worse than the other; all are legitimate, and their appeal depends largely on your point of view. This last point is really the reason for this – that being the client's perspective and doing what is in their best interest. Therefore, our process begins with asking the question “what do you want your money to do for you?” It is the attainment of that objective which is paramount over all else. Therefore, we start with planning. How much cash does our client need, and when do they need it? The answers to those points drive the process. We work backwards from how much and when to where the client is today to determine the approach and the combination of financial tools needed to best achieve those outcomes. The true benchmark for any investor is where they are relative to where they need to be – not an arbitrary scorecard.

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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	25848.87	10.81%	FTSE 100	7228.28	7.43%	Energy	15.32%	0.43%
S&P 500 [®]	2822.48	12.59%	HANG SEN	29012.26	11.99%	Material	10.21%	-4.31%
S&P 400 [®]	1895.86	14.00%	MSCI EAFE [®]	1890.31	10.59%	Cons Disc	12.30%	5.76%
S&P 600 [®]	947.25	12.11%	MSCI EMG	1057.3	9.74%	Cons Stpl	9.27%	6.53%
S&P 100 [®]	1247.48	12.00%	NIKKEI	21450.85	5.45%	Health Care	6.86%	9.49%
						Comm Serv.	14.60%	5.41%
						Financials	12.40%	-5.95%
						Technology	18.20%	6.70%
						Industrial	15.67%	-1.22%
						Utilities	10.87%	19.86%
COMMODITIES			CURRENCIES			KEY INTEREST RATES		
	<u>LEVEL</u>	<u>YTD</u>		<u>LEVEL</u>	<u>YTD</u>			
Gold	1302.48	1.56%	MXN/DLR	19.2082	2.30%	LIBOR OVERNIGHT		2.3904%
Silver	15.29	-1.31%	DLR/EUR	1.1326	-1.23%	LIBOR 3 MONTH		2.6253%
WTI	58.52	28.87%	DLR/GB	1.329	4.20%			
Gasoline	1.86	40.34%	RMB/DLR	6.7137	2.46%			
Nat Gas	2.80	-4.93%	CDN/DLR	1.3336	2.26%			

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NOTE: IMPORTANT INFORMATION

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