

# GLOBAL MARKET SNAPSHOT

JANUARY 2018



For Conservative Long-Term Investors

**Global Equity Market Performance Review:** In a relatively strong year for global equities, Emerging Markets and Asia led the way returning with 2017 returns of 37.5% and 32.1% in USD. The S&P 500 returned 21.8% while Europe and International stocks returned 24.3% and 24.9% respectively.

**2018 Outlook:** After a strong year for equities, international stocks in particular, enthusiasm going into 2018 may be tempered. However, there are reasons why global stock markets may continue to perform well. Valuations remain attractive relative to the U.S. based on forward P/E as Europe, Asia, and International excluding U.S. In addition, dividend yields in these regions are currently higher than the U.S. The U.S. markets may continue to benefit from the effective corporate tax rate being cut to 21%.

Information technology was the best performing sector, returning 38.8% in 2017. The sector contributed over one third of the S&P 500 return during the year. After a strong start to the year, tech underperformed the market in 3 of the last 4 months of the year and at current valuations, investors may consider rotating away from tech and into other sectors.

## Equity Markets Performance

	Performance			Volatility			Dividend Yield
	1W	MTD	YTD	30D	90D	1Y	
S&P 500	-0.3%	1.1%	21.8%	6.3%	5.5%	6.8%	1.9%
EURO STOXX 50 (USD)	0.1%	-1.1%	24.3%	10.7%	8.6%	11.7%	3.3%
MSCI AC Asia Pacific	0.8%	2.1%	32.1%	8.4%	7.4%	7.8%	2.3%
MSCI World Excluding United States	1.1%	1.8%	24.9%	6.5%	5.9%	7.4%	3.0%
S&P/TSX Composite	0.4%	1.2%	9.1%	5.4%	5.2%	7.4%	2.7%
MSCI Emerging Net Total Return Local (Index)	1.6%	3.5%	37.5%	11.5%	9.7%	9.4%	2.2%
Russell 2000	-0.4%	-0.4%	14.6%	11.2%	9.9%	12.2%	1.4%
S&P Small Cap 600	-0.3%	-0.6%	13.2%	12.3%	10.8%	12.7%	1.4%

## U.S. Sector Performance (S&P 500)

	Performance			Volatility			Dividend Yield
	1W	MTD	YTD	30D	90D	1Y	
Consumer Discretionary	-0.4%	2.4%	23.0%	7.2%	7.3%	8.2%	1.3%
Consumer Staples	0.0%	2.2%	13.5%	7.1%	8.8%	7.7%	2.8%
Energy	0.2%	4.9%	-1.0%	11.7%	11.0%	13.3%	3.2%
Financials	-0.5%	1.9%	22.1%	13.2%	11.7%	13.0%	1.6%
Health Care	-0.4%	-0.6%	22.1%	9.1%	8.8%	8.7%	1.6%
Industrials	0.2%	1.9%	21.0%	9.8%	8.4%	9.3%	2.0%
Information Technology	-1.0%	0.0%	38.8%	13.4%	11.5%	11.3%	1.2%
Materials	0.2%	1.9%	23.8%	9.2%	9.1%	10.6%	1.9%
Telecommunication Services	-0.4%	5.8%	-1.3%	17.9%	17.8%	15.5%	5.0%
Utilities	0.4%	-6.1%	12.1%	11.2%	10.5%	10.0%	3.5%
Real Estate	1.5%	-0.5%	10.8%	9.5%	8.8%	9.6%	3.3%

Source: Bloomberg. 12/29/2017. Past performance is not a guarantee of future results. One cannot invest in an index.

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## Commodities

Oil
Gold

12-29-17	12-22-17	11-30-17	12-30-16	12-28-16
60.42	58.47	57.40	53.72	53.72
1302.8	1274.2	1275.0	1147.5	1147.5

## Currencies

EURUSD
USDCAD
GBPUSD
USDCHF
USDJPY
AUDUSD

12-29-17	12-22-17	11-30-17	12-30-16	12-28-16
1.2005	1.1862	1.1904	1.0517	1.0517
1.2571	1.2729	1.2897	1.3441	1.3441
1.3513	1.3363	1.3525	1.2340	1.2340
0.9743	0.9880	0.9836	1.0190	1.0190
112.69	113.29	112.54	116.96	116.96
0.7809	0.7709	0.7566	0.7208	0.7208

## Yields

U.S. Government Bond 10 Year Yield
German Government Bond 10 Year Yield

12-29-17	12-22-17	11-30-17	12-30-16	12-28-16
2.41%	2.48%	2.41%	2.44%	2.44%
0.43%	0.42%	0.37%	0.21%	0.21%

## Fixed Income Performance

U.S. Aggregate Bond Index
U.S. Treasury
U.S. Investment Grade Bonds
U.S. Mortgage Backed Securities
U.S. High Yield

1W	MTD	YTD
0.5%	0.5%	3.5%
0.5%	0.3%	2.3%
0.7%	0.9%	6.4%
0.4%	0.3%	2.5%
0.2%	0.3%	7.5%

## Fixed Income Credit Spreads (bps\*)

Investment Grade
High Yield

12-29-17	12-22-17	11-29-17	12-30-16	12-29-16
93	94	97	123	123
343	342	344	409	409

Source: Bloomberg. 12/29/2017. \*Basis points. U.S. Aggregate: Bloomberg Barclays US Agg Total Return Value Unhedged USD, U.S. Treasury: Bloomberg Barclays US Treasury Total Return Unhedged USD, U.S. Corp: Bloomberg Barclays US Corporate Total Return Value Unhedged USD, U.S. MBS: Bloomberg Barclays US MBS Index Total Return Value Unhedged USD, US Corp High Yield: Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD. Investment Grade: Bloomberg Barclays US Agg Corp, High Yield: Bloomberg Barclays US Corporat. Past performance is not a guarantee of future results. One cannot invest in an index.

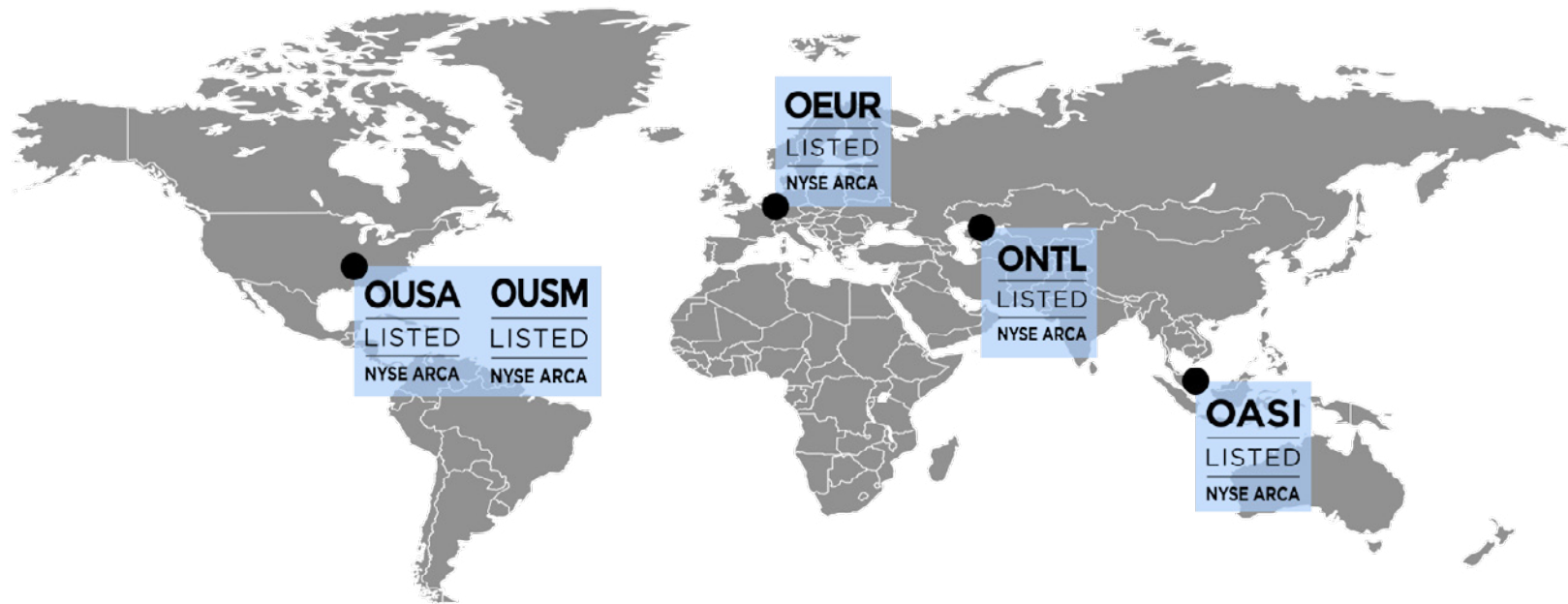
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