MURRAY
INVESTMENT MANAGEMENT

1st Quarter 2019 Update

After a challenging end to 2018, equity markets bounced significantly during the 1st quarter of 2019. Both domestic and international performance was very strong as noted below.

Equity Market Performance

	QTD	YTD
S&P 500 (large cap)	13.65%	13.65%
MSCI EAFE (International index net return)	9.98%	9.98%
Rusell 2000 (small cap)	14.58%	14.58%

The rally during the 1st quarter was largely attributable to 1) the U.S. Federal Reserve changing direction and 2) a more favorable outlook for a U.S./China trade agreement. During the quarter, the Federal Reserve left rates unchanged and indicated that they would not raise rates this year. The expectation was for 2 rate increases in 2019, and this change in outlook was well received. Interest rates fell during the quarter, and the Barclays Aggregate, which is a good representation of the broad fixed income market, was up 2.94%.

Slowing global economies and modest corporate earnings growth will be the primary areas of concern for the remainder of the year, but the employment situation and consumers continue to be in a strong position. While U.S. economic growth is expected to slow, we are not likely headed for a recession in 2019.

With the market rally and modest earnings growth expected in 2019, domestic equity market valuations are less attractive than they were at the end of last year but not overly stretched. If global growth continues to produce positive earnings, equity markets could move higher, but with so many cross currents, we should expect increased volatility and more moderate investment performance.

Please give me a call with any questions.

Source: Morningstar, federalreserve.gov, Treasury.gov
The performance data shown represents past performance, which is not a guarantee of future results.
Return data is as of 03/31/2019. Index returns are total returns except for MSCI EAFE which is a net return.

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