

Market Recap for the Week Ending 06/28/2019

By Bruce Konners, CPA, CFA, PFS

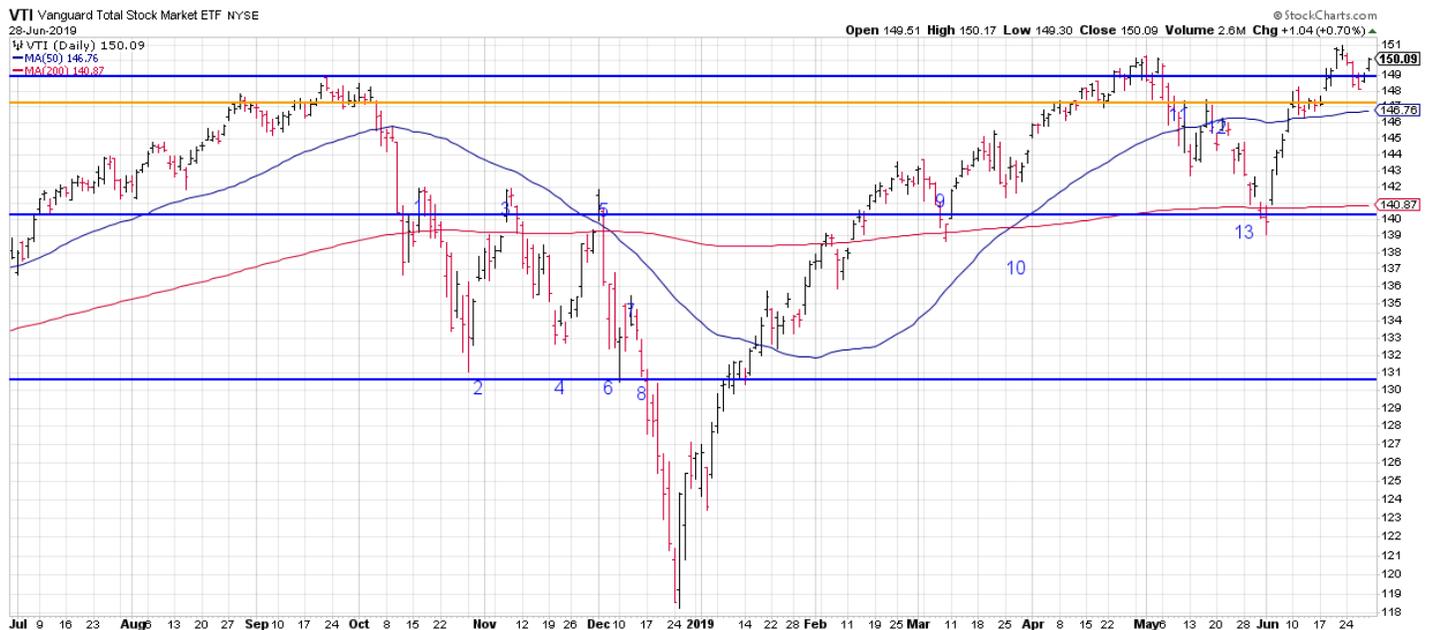
bruce@bluekeyadvisors.com

HIGHLIGHTS

- US stocks were down, and international stocks rise.
- Stocks wrap up the best half-year since 1997 and the best June since 1955.
- Trump and Jinping declare a cease-fire on trade.
- Falling GDP estimates.

MARKET RECAP

Stocks fell by 0.40% for the week but wrapped up the half-year with a walloping 18.8% gain. It was the best first-half performance since 1997. It was also the best June since 1955, +7.08%. Stocks managed gains so far despite softening economic data around the globe and increased threats of a heightened trade war. Interest rates have plummeted, the 10-year bond closed the quarter at an even 2.0%, down from 2.69% at the start of the year. And the 3-month / 10-year treasury curve remains inverted, at 12 basis points, the most since the inversion started. But none of that mattered as stocks continued higher with a lot of help due to dovish sentiment from central banks and over \$13 trillion in global debt yielding less than zero.



For the week, international stocks gained 0.40%, bonds were up by 0.21%, the dollar was flat, and oil increased by 1.81%.

CEASE-FIRE ON TRADE

On Saturday, after the trading week ended, President Trump and Chinese President Xi Jinping agreed to hold off on additional tariffs on Chinese goods. China agreed to buy large amounts of American farm products. Trump also agreed to remove some limits on Huawei Technologies buying equipment from the US.

GDP GROWTH

While stocks are in rally mode, the economy is not. The US clocked first-quarter GDP growth at 3.1%, but the Atlanta Fed's GDPNow growth estimate for Q2 is only 1.5%, and the NY Fed's Nowcast is coming in at 1.3%. The Nowcast estimate for Q3 is 1.20%.

SCOREBOARD

PERFORMANCE	VTI	SPY	VXUS	AGG	\$	OIL
6/28/2019	US Market	SP500	Intl (x-US)	Bonds	US\$	Crude
Week	-0.40%	-0.34%	0.40%	0.21%	-0.05%	1.81%
June 2019	7.08%	6.96%	5.77%	1.10%	-0.61%	9.29%
May 2019	-6.45%	-6.38%	-5.42%	1.91%	0.39%	-16.29%
April 2019	3.93%	4.09%	1.03%	-0.20%	0.18%	6.27%
March 2019	1.42%	1.81%	0.77%	2.12%	0.46%	5.11%
February 2018	3.56%	3.24%	1.63%	-0.11%	0.17%	0.07%
January 2019	8.54%	8.01%	7.67%	0.91%	-0.98%	18.78%
YTD	18.83%	18.50%	13.58%	5.87%	0.06%	28.76%
2018	-5.21%	-4.56%	-14.43%	0.10%	4.08%	-20.62%
2017	21.21%	21.70%	27.45%	3.61%	-7.81%	12.47%
2016	12.83%	12.00%	4.81%	2.41%	2.41%	33.48%
2015	0.36%	1.25%	-4.19%	0.48%	7.19%	-29.70%
2014	12.54%	13.46%	-4.74%	6.00%		-43.92%
2013	33.45%	32.31%	14.61%	-1.98%		0.47%

All returns include dividends. \$ is the Dow Jones FXCM Index. Oil is the S&P GSCI Crude Oil index.

RATES	3m	2-YR	10-YR	30-YR	2-10	HY OAS
6/28/2019	2.12%	1.75%	2.00%	2.52%	0.25%	4.09%
6/21/2019	2.11%	1.77%	2.07%	2.59%	0.30%	4.16%
5/31/2019	2.35%	1.95%	2.14%	2.58%	0.19%	4.36%
12/31/2018	2.45%	2.48%	2.69%	3.02%	0.21%	5.33%
12/31/2018	2.45%	2.48%	2.69%	3.02%	0.21%	5.33%
Δ for Week*	1.00	(2.00)	(7.00)	(7.00)	(5.00)	(7.00)
Δ for Month*	(23.00)	(20.00)	(14.00)	(6.00)	6.00	(27.00)
Δ for Quarter*	(33.00)	(73.00)	(69.00)	(50.00)	4.00	(124.00)
Δ YTD*	(33.00)	(73.00)	(69.00)	(50.00)	4.00	(124.00)

*Δ is measured in basis points; 2-10 refers to the spread between the 10 & 2-yr bonds.

HY OAS - Merrill Lynch US High Yield Option-Adjusted Spread.

Year	Earnings	SPX	P/E
2021 Estimate	204.92	2,941.76	14.36
2020 Estimate	185.93	2,941.76	15.82
2019 Estimate	166.42	2,941.76	17.68
2018	161.93	2,892.74	17.86
2017	132.00	2,604.47	19.73
2016	118.10	2,238.83	18.96
2015	117.46	2,043.94	17.40
2014	118.78	2,058.90	17.33
2013	109.68	1,848.36	16.85
2012	103.80	1,426.19	13.74
2011	97.82	1,257.60	12.86
2010	85.28	1,257.64	14.75
2009	60.80	1,115.10	18.34
2008	65.47	903.25	13.80
2007	85.12	1,468.36	17.25
2006	88.18	1,418.30	16.08
2005	76.28	1,248.29	16.36
2004	67.10	1,211.92	18.06

The SPX (S&P 500) price is as of year-end for the period indicated except for the current year and next year which

Past performance does not guarantee future results.

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