

# Investment Market Summary - July 2017



## STANDARD INDICES (In USD)

	July 2017	YTD 2017	1 Year	3 Years	5 Years	10 Years
S&P 500 TR	2.1%	11.6%	16.0%	10.9%	14.8%	7.7%
MSCI AC World Index	2.8%	14.6%	17.1%	6.2%	10.9%	4.2%
MSCI EAFE	2.9%	17.1%	17.8%	2.8%	9.1%	1.5%
MSCI Emerging Markets	6.0%	25.5%	24.8%	2.4%	4.8%	2.0%
Alerian MLP Index	1.3%	-1.4%	1.1%	-9.8%	1.0%	6.0%
Bloomberg Barclays US Agg Index	0.4%	2.7%	-0.5%	2.7%	2.0%	4.4%
Bloomberg Barclays Muni Bond 5 Year Index	0.7%	3.9%	0.8%	2.2%	2.1%	4.0%
Bloomberg Barclays US Corp High Yield	1.1%	6.1%	10.9%	5.3%	6.7%	8.2%
Bloomberg Commodity Index	2.3%	-3.1%	0.8%	-12.7%	-10.0%	-6.5%
US Dollar Index	-2.9%	-9.1%	-2.8%	4.5%	2.4%	1.4%

## HEADLINES

July was a strong month across the board for risk assets. International equities, and especially Emerging Market (EM) equities, led the way. A combination of accelerating economic growth and resurgent earnings, along with continued accommodative global monetary policy, has fed risk appetite this year. Although significant policy initiatives in Washington appear to be put on hold, strong corporate earnings in the US have pushed US markets higher to fresh records. Real GDP in the US in the second quarter increased at a healthy annual rate of 2.6%. The S&P 500 posted a 2.1% gain in July, putting it up 11.6% in 2017.

Continued weakness in the US Dollar (USD) and stabilizing commodity prices have buoyed EM assets. The MSCI EM Index surged 6.0% in USD terms in July. Both of these factors were serious headwinds during the recent EM bear market the past few years, but are now providing encouraging tailwinds to a renewed EM asset class. In addition to boosting EM, the weak USD has generated solid international developed equity returns as measured in USD. The MSCI EAFE Index rose 2.9% in July in USD terms, while local currency performance for the Index was weaker. Year-to-date, the MSCI EM and EAFE Indices are up 25.5% and 17.1%, respectively, in USD terms. The USD Index has fallen 9.1% in 2017.

WTI Crude Oil spiked 9.0% in July, with data showing an easing of the supply glut as US crude oil and gasoline stockpiles fell. Oil has been under

pressure this year as rising US oil production has blunted OPEC's efforts to reduce global supply. This relief helped MLPs, as the Alerian MLP Index rose 1.3% in July; the index is still down 1.4% on the year.

In bond markets, both higher quality fixed income and credit performed well. The Bloomberg Barclays US Aggregate and Corporate High Yield Indices returned 0.4% and 1.1%, respectively, in July. Yields did not change by much month-over-month in spite of solid earnings and economic data, as weakness in inflation seems to be keeping a lid on yields. The solid economic data did provide support for credit as spreads tightened further in July. Loose financial conditions, declining defaults, and healthy corporate balance sheets are supporting tighter spreads.

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