November 2018 Market Update

Global equities staged a small recovery rally in November after October's big sell-off. Emerging markets were the biggest winner, up 4.1%, followed by the U.S. at up 2.1%, and ex-U.S. developed markets relatively unchanged at down 0.1%.

Stock markets were driven by a few important factors: (1) ongoing tariff and trade concerns, (2) plunging oil prices (WTI from $66.18 to $50.93), (3) FOMC member statements indicating a softer stance on interest rate increases, (4) a new Brexit deal heavily criticized by U.K. politicians, and (5) widening credit spreads. Mid-term elections saw the Democrats take the House and stocks sold off.

On November 8th the FOMC maintained their stance on interest rates. By the end of November, however, some FOMC members including Chairman Powell publicly commented on reducing the pace of rate increases. Both stocks and bonds rallied on this news. Yields on 3- to 30-year Treasuries dropped 10 to 15 bp and the 10-year closed at 3.01%.

Real estate was the best performing asset class in November due to lower interest rates and defensive equity markets. Real estate and U.S. equities are tied as the top performing asset class year-to-date.

Table 1: Benchmark Index Performance as of November 30, 2018

Benchmark Index	*1 Mo*	*3 Mo*	*YTD*	*5 Year*
Domestic Equities (S&P 1500 Composite)	2.09%	-4.86%	4.7%	11.1%
International Developed Equities (MSCI EAFE)	-0.13%	-7.28%	-9.4%	2.0%
Emerging Market Equities (MSCI EM)	4.12%	-5.45%	-12.2%	0.8%
Fixed Income (Bloomberg Barclays US Aggregate)	0.60%	-0.84%	-1.8%	1.8%
US Real Estate (S&P US REIT Index)	4.85%	-0.55%	4.7%	7.5%
Global Equities (MSCI ACWI)	1.46%	-5.73%	-2.6%	6.1%

Chart 1: Year-to-Date Performance through November 30, 2018