

January 2019 Market Update

Key Takeaways

Equity markets rallied in January to erase most of December's loss. Much of the rally stemmed from statements by the Federal Reserve as they backed off their stance on monetary policy, ratcheting down expectations for higher short-term rates in 2019.

U.S. equities posted an 8.25% gain, nearly erasing December's 9.27% loss.

International developed markets gained 6.57%, easily erasing their 4.85% loss in December and emerging markets gained 8.76% after losing only 2.66% in December. Emerging markets have strongly outperformed in the past 3 months, up 10.0% vs. US equities.

Bonds continued to rally as expectations for higher rates dissolved on growth fears. The 10-year Treasury closed at 2.63% and the 2-year to 5-year spread was inverted by 2 basis points.

Real estate markets were the strongest performer in January, gaining 11.76%, helped by expectations of lower interest rates.

Table 1: Benchmark Index Performance as of January 31, 2019

Benchmark Index	1 Mo	3 Mo	2018	5 Yr Ann
Domestic Equities (S&P 1500 Composite)	8.25%	0.27%	-4.96%	10.7%
International Developed Equities (MSCI EAFE)	6.57%	1.27%	-13.79%	2.7%
Emerging Market Equities (MSCI EM)	8.76%	10.24%	-14.57%	4.8%
Fixed Income (Bloomberg Barclays US Aggregate)	1.06%	3.53%	0.01%	2.4%
US Real Estate (S&P US REIT Index)	11.76%	7.65%	-3.79%	9.3%
Global Equities (MSCI ACWI)	7.90%	1.76%	-9.41%	6.7%

Chart 1: 2018 Market Index Performance since Sep. 30, 2018

