

# May 2019 Market Update

## Key Takeaways

Equity markets finished sharply lower in May after hitting new highs at the end of April. Trade wars were rekindled early in May as Trump re-established tariffs with China due to China's refusal to include intellectual property provisions in a trade deal. Economic signals pointed to a slower economy with weakness in retail sales, durable goods, and employment.

U.S. equities dropped 6.5%, international developed markets lost 4.8% and emerging markets lost 7.3% but all 3 asset classes remain in positive territory for the year.

Bonds rallied as market expectations for a Fed rate cut increased. Bonds had their best 6-mo total return in over 10 years as the 10-year Treasury finished at 2.14% down from 3.01% at the end of November 2018.

Real estate markets were remarkably unchanged, helped by lower interest rates but hurt with equity valuations. Real estate is the top performing asset class year-to-date.

**Table 1: Benchmark Index Performance as of May 31, 2019**

Benchmark Index	1 Mo	3 Mo	YTD	5 Yr Ann
Domestic Equities (S&P 1500 Composite)	-6.52%	-1.17%	10.53%	9.4%
International Developed Equities (MSCI EAFE)	-4.80%	-1.51%	7.64%	1.3%
Emerging Market Equities (MSCI EM)	-7.26%	-4.51%	4.09%	1.8%
Fixed Income (Bloomberg Barclays US Aggregate)	1.78%	3.76%	4.80%	2.7%
US Real Estate (S&P US REIT Index)	0.00%	2.85%	15.42%	7.6%
Global Equities (MSCI ACWI)	-5.93%	-1.53%	9.08%	5.2%

**Chart 1: 2019 Market Index Performance**

