

# December 2019 Market Update

## Key Takeaways

Global investment markets had a very strong year in 2019. All markets were up with U.S. Equities leading the way with a 30.9% gain. International developed markets were up 22.0% and emerging markets increased 18.4%. In 2019, US equity's improved on their all-time high by 11.9%. By contrast, developed markets equities and emerging markets equities concluded 2019 1.4% and 8.0% shy of all-time highs.

Bond markets gained 8.7% as short-term Treasuries dropped 100 basis points and the 10-year Treasury dropped 77 bps from 2.69% to 1.92%. Real estate markets had a solid year gaining 24.5%.

The primary main driver of markets was a rosier economic outlook as recession fears faded. The FOMC cut interest rates 0.75% and a "Phase One" trade agreement was reached with China.

U.S. equity markets begin 2020 at rich levels. The S&P 500 now trades at a forward P/E of 18.7, a level not seen since the market correction of January 2018. International equities are not quite so rich with forward P/Es of 14.9 and 12.8 for developed and emerging markets, respectively.

**Table 1: Benchmark Index Performance as of December 30, 2019**

<i>Benchmark Index</i>	<i>1 Mo</i>	<i>3 Mo</i>	<i>YTD</i>	<i>5 Yr Ann</i>
Domestic Equities (S&P 1500 Composite)	3.00%	8.92%	<b>30.90%</b>	11.5%
International Developed Equities (MSCI EAFE)	3.25%	8.17%	<b>22.01%</b>	5.7%
Emerging Market Equities (MSCI EM)	7.46%	11.84%	<b>18.42%</b>	5.6%
Fixed Income (Bloomberg Barclays US Aggregate)	-0.07%	0.18%	<b>8.72%</b>	3.0%
US Real Estate (S&P US REIT Index)	-0.70%	-0.80%	<b>24.45%</b>	6.8%
Global Equities (MSCI ACWI)	3.52%	8.95%	<b>26.60%</b>	8.4%

**Chart 1: 2019 Market Index Performance**

