

Market Review

January 31, 2018

INDEX LEVELS

		Month-End 01/31/18	Month-End 12/31/17	Year End 12/31/17
Domestic Stocks	DJ Industrial Avg.	26149	24719	24719
	S&P 500	2824	2674	2674
	NASDAQ	7411	6903	6903
	Russell 2000®	1575	1536	1536
Int'l Stocks	MSCI EAFE	2153	2051	2051
	MSCI Emerg. Mkt.	1255	1158	1158

INTEREST RATES

	Month-End 01/31/18	Month-End 12/31/17	Year End 12/31/17
Fed Funds Rate Target	1.25-1.50	1.25-1.50	1.25-1.50
10-Yr Treasury	2.722	2.409	2.409
DJ Corporate	3.365	3.116	3.116
3-Month LIBOR	1.78	1.69	1.69
30-Yr Fix Mortgage	4.26	3.92	3.92
Prime Rate	4.5	4.5	4.5

COMMODITY PRICES

	Month-End 01/31/18	Month-End 12/31/17	Year End 12/31/17
Gold	1339	1306	1306
Crude Oil	64.73	60.42	60.42
Gasoline	2.58	2.49	2.49
Natural Gas	2.995	2.953	2.953

EQUITY STYLE RETURN

	MTD	Val	Core	Grw	YTD	Val	Core	Grw
Large	3.87	5.49	7.08	Large	3.87	5.49	7.08	
Mid	2.30	3.76	5.66	Mid	2.30	3.76	5.66	
Small	1.23	2.61	3.90	Small	1.23	2.61	3.90	

NEWS

- Boeing, the worlds largest aerospace company by sales, said it boosted capital spending plans in the wake of the U.S. tax overhaul. With a drop of their effective tax rate to 16%, the gains will be invested in product development, workforce training and factories as they work through a huge backlog.
- Crypto Currency, specifically Bitcoin, gripped the investing world last year like no other asset class in recent memory, minting new millionaires and a pivot to block chain technology. In 2018, Bitcoin has dropped 28%, worst monthly drop in 3 years and fell below \$10,000 and is down 48% from its record high of \$19,282.73 in mid-December.
- The Fed's policy statement had a muted affect on equity and negative impact on bonds. The yield on the 10-year Treasury note closed the month at 2.722% which resulted in producing a total return of -2.56%. (Yields move inversely to prices).



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TOTAL RETURN

		Month to Date	Year to Date	1-Year
EQUITIES	Russell 3000® (<i>Broad US</i>)	5.27%	5.27%	25.16%
	S&P 500 (<i>Large Cap US</i>)	5.73%	5.73%	26.41%
	ACWI ex-US (<i>Broad Int'l</i>)	5.58%	5.58%	30.27%
	MSCI EAFE (<i>Devlpd. Int'l</i>)	5.02%	5.02%	28.20%
	MSCI Emerging Markets	8.34%	8.34%	41.49%
FIXED INCOME	BC Aggregate Bond	-1.15%	-1.15%	2.15%
	BC US Universal	-0.96%	-0.96%	2.73%
	B of A ML 3-Month T-Bills	0.11%	0.11%	0.87%
	BC Treasury	-1.36%	-1.36%	0.69%
	BC US Corp. High Yield	0.60%	0.60%	6.60%
OTHER	Citi World Govt. ex-US	3.21%	3.21%	12.27%
	NAREIT Cmp (<i>RealEstate</i>)	-3.18%	-3.18%	5.55%
	Bloomberg Commodity Trust	1.99%	1.99%	3.58%

S&P SECTOR YEAR-TO-DATE



ECONOMY

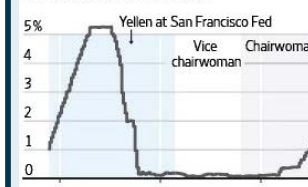
- The Federal Reserve concluded the first meeting of 2018 on the last day of January, and while the rate remain unchanged, they provided an upbeat outlook on the economy strengthening the expectation for three more rate increases this year.
- With oil prices increase into the mid sixty dollar range, big oil companies are returning to ambitious offshore projects that were shelved three years ago due to the steepest oil-price crash in decades.
- With the 10-year Treasury yield rising, investors are concerned about the impact that it will have if breaks through the 3% level. In that scenario, yields could begin to hurt stocks and push out the gap between Treasury yields and corporate bond yields. This scenario would be similar to the "taper tantrum" in 2013.

CHART OF THE MONTH

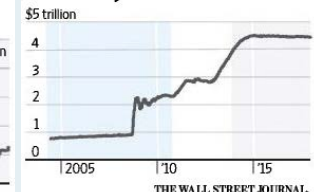
Time to Tighten

During the recession, the federal-funds rate tumbled while the Fed expanded its balance sheet. Under Janet Yellen, the rate started to rise, while the Fed began slowly shrinking its bond holdings.

Federal-funds effective rate



Assets held by the Federal Reserve



Market Review



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