



Market Summary - December 3, 2018

For the week ending November 30

This summary is provided by BMT Wealth Management.

Economic Data: All Eyes on the Federal Reserve

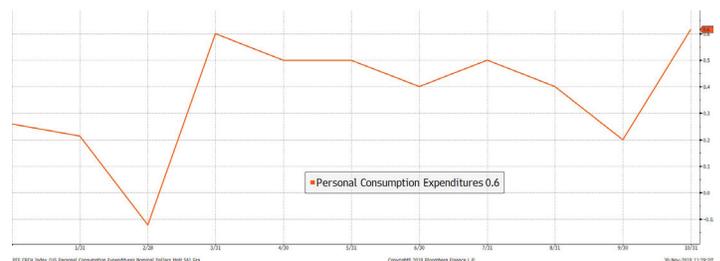
Interest rate hikes and trade uncertainty have been contributing to market volatility throughout the year. Although trade uncertainty remains, investors were more optimistic regarding future monetary policy decisions that, overall, contributed to big gains across the major equity stock market indices last week.

On Wednesday, November 28, remarks by Federal Reserve Chairman Jerome Powell at The Economic Club of New York indicated that the Federal Reserve may be getting close to ending its rate hiking campaign. In his remarks, Powell noted that “interest rates are still low by historical standards, and they remain just below the broad range of estimates of the level that would be neutral—that is, neither speeding up nor slowing down growth.”

Investors interpreted Powell’s remarks as fewer rate hikes left on the horizon. Powell noted the Federal Reserve will maintain a cautious approach to adjusting policy and will be greatly influenced by incoming economic data when making future interest rate adjustments.

Personal income and spending (also referred to as personal consumption) data reported last week (for the month of October) came in much better than expected providing evidence the U.S. economy is in a healthy position. A strong labor market, stable consumer balance sheets, and tax savings continued to support consumer spending and overall, U.S. economic growth.

*U.S. Personal Consumption Expenditures Index
December 31, 2017 - October 31, 2018*

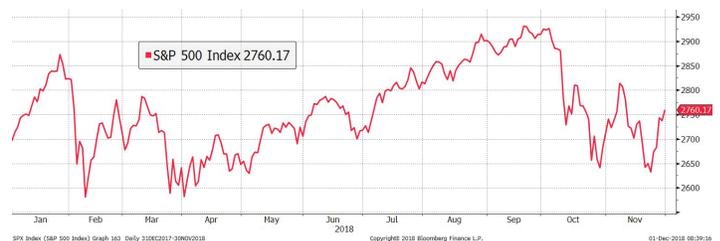


Source: Bloomberg Finance L.P.

Financial Markets: U.S. Equity Markets Bounce Back

The S&P 500 Index had its best weekly performance last week going as far back as December 2011. The Index returned nearly 5.0% with all 11 sectors ending the week in positive territory. The broad-based rally was led by the Consumer Discretionary and Information Technology sectors, up 6.55% and 6.14%, respectively. Through November 30, the S&P 500 Index is up 5.10% in 2018.

*S&P 500 Index
January through November 2018*



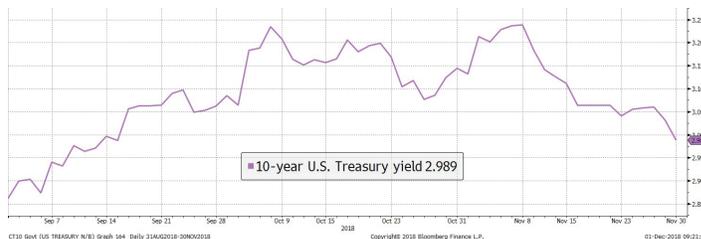
Source: Bloomberg Finance L.P.

The dovish tone on monetary policy delivered by Federal Reserve Chairman Powell provided a mid-week spark to the equity markets that picked up steam as increased investor optimism surrounding the G-20 Summit last weekend added another boost to the rally.

Overseas, equity returns lagged the S&P 500 Index but still recorded positive returns during the week. The developed international markets (MSCI EAFE) and the emerging markets (MSCI Emerging Markets) were up 0.97% and 2.65%, respectively.

to fewer rate hikes expected on the horizon as well as low inflation expectations.

10-Year U.S. Treasury Yield
August 31 to November 30, 2018



Source: Bloomberg Finance L.P.

Financial Markets:

10-Year U.S. Treasury Yields Trend Lower

In fixed income, U.S. Treasury yields trended lower across the yield curve as investors dialed back their expectations for the number of future rate hikes. The 2-year and 10-year U.S. Treasury yields dropped two basis points (0.02%) and five basis points (0.05%) and ended the week at 2.79% and 2.99%, respectively.

Interestingly, the 10-year U.S. Treasury yield last traded below 3.0% back on September 17, 2018 and was as high as 3.24% roughly three weeks ago. The drop is partly related

Looking Ahead

This past weekend's meeting between U.S. President Donald Trump and Chinese President Xi Jinping while attending the G-20 Summit of world leaders in Argentina was well received by investors. Equity markets jumped during early week trading at the headline news that the U.S. and China declared a truce in their trade war. We will closely monitor ongoing developments as well as keep a close eye on this week's packed economic calendar.

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