

CPWM's Weekly Market Monitor is designed to provide a summary of recent market commentary and statistics.

**MARKET COMMENTARY**

- Stocks around the globe retreated after policy surprises rattled investors. The Federal Reserve cut interest rates as expected but conveyed a surprisingly hawkish tone at the presser, dashing hopes for an easing cycle. United States China trade talks concluded with no breakthroughs but a promise to resume talks, which seemed to back-burner trade concerns. The next day, however, President Trump announced 10% tariffs on the final \$300 billion tranche of Chinese imports.
- The surprise tariffs reignited fears of global recession, driving stock prices and bond yields down everywhere. The major U.S. indexes slumped: the S&P 500 and Nasdaq closed at 2932.04 and 8004.07, respectively; the Dow Jones Industrial Average closed at 26485.14. The 10-year U.S. Treasury yield dropped to 1.851%, plumbing lows not seen since late 2016. The yield on Germany's longest-term bond, the 29-year Bund, went negative for the first time, falling to -0.004% as investors sought "safe-haven" assets.
- Oil prices fell on concerns about oversupply and slowing demand. Gold prices surged on escalating economic uncertainty. The U.S. dollar fell against a basket of major currencies.
- With 59% of S&P 500 companies reporting second-quarter results, 75% have exceeded earnings per share (EPS) expectations, while 61% have beaten revenue expectations. As of July 31, 2019, Refinitiv estimated the S&P 500 index's second-quarter earnings growth rate at 1.3% and its 12-month forward P/E ratio at 17.4. Booz Allen Hamilton, Procter & Gamble and Tower Semiconductor impressed this week, whereas Beyond Meat, Capital One and Cooper Tire disappointed.
- Nonfarm payrolls rose by 164,000 in July, just shy of the 165,000 monthly average year-to-date; the YTD average for 2018 was 223,000. The unemployment rate held steady at 3.7%. Average hourly wages rose 3.2% versus a year ago, up slightly from June's pace.
- July ISM manufacturing came in at 51.2 versus consensus 52.0 and June's 51.7, marking the fourth month of decline and the lowest headline level in three years. Final July Markit manufacturing PMI logged 50.4, above 50.0 consensus but lower than June's 50.6 and the lowest headline since September 2009. Construction spending for June declined 1.3% from May, down 2.1% year-over-year.

ASSET CLASS / BENCHMARK	1 WEEK	1 MONTH	YTD	1 YEAR
<b>Investment Grade Fixed Income</b>				
iShares Short-Term National AMT-Free Muni Bond ETF	0.2	0.5	2.4	3.4
iShares National AMT-Free Muni Bond ETF	0.5	1.0	6.0	7.5
iShares Core US Aggregate Bond ETF	0.9	0.8	6.9	8.9
<b>Global Equity</b>				
iShares MSCI ACWI	(3.1)	(2.6)	14.4	1.4
<b>U.S. Equity</b>				
iShares Core S&P 500 ETF	(3.1)	(1.3)	18.2	5.8
iShares Russell Mid Cap ETF	(3.3)	(1.4)	20.2	4.0
iShares Russell 2000 ETF	(2.9)	(1.7)	14.7	(7.5)
iShares Core U.S. Value ETF	(3.0)	(1.2)	16.2	4.1
iShares Core U.S. Growth ETF	(3.2)	(1.4)	19.7	6.3
<b>Foreign Equity</b>				
iShares MSCI EAFE ETF	(2.8)	(3.8)	10.7	(3.4)
iShares MSCI EAFE Small Cap ETF	(3.0)	(3.5)	9.7	(8.5)
iShares MSCI EAFE Value ETF	(3.6)	(5.1)	4.6	(7.9)
iShares MSCI EAFE Growth ETF	(2.1)	(2.7)	16.2	0.9
<b>Emerging Markets Equity</b>				
iShares MSCI Emerging Markets ETF	(5.0)	(6.4)	4.6	(5.5)
iShares MSCI Emerging Markets Small Cap ETF	(4.4)	(6.1)	1.4	(10.7)
<b>"Other" Asset Classes</b>				
iShares U.S. Real Estate ETF	1.0	0.8	21.5	13.8
iShares International Developed Real Estate ETF	(1.1)	(1.7)	11.3	4.8
SPDR Barclays High Yield Bond ETF	(0.5)	(0.2)	10.7	6.3
iShares S&P GSCI Commodity Indexed Trust	(2.4)	(1.7)	7.5	(12.3)

## IMPORTANT NOTES

ALL COMMENTARY SOURCED FROM VOYA GLOBAL PERSPECTIVES REPORT AND TO BE USED FOR INFORMATIONAL PURPOSES ONLY.

PRIOR PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. INDIVIDUAL INVESTOR PERFORMANCE MAY VARY. ALL INVESTING INVOLVES THE RISK OF LOSS INCLUDING THE POSSIBLE LOSS OF ALL AMOUNTS INVESTED. DIFFERENT TYPES OF INVESTMENTS INVOLVE VARYING DEGREES OF RISK, AND THERE CAN BE NO ASSURANCE THAT ANY SPECIFIC INVESTMENT WILL BE PROFITABLE.

MARKET-RELATED DATA INCLUDED IN CHARTS AND GRAPHS IS SOURCED MORNINGSTAR.COM.

ALL RETURNS REFERENCED ARE EXCHANGE TRADED FUNDS (ETFs) DESIGNED TO TRACK A PARTICULAR INDEX OR BENCHMARK. THERE CAN BE NO GUARANTEE THE ETFs ACHIEVE THEIR OBJECTIVE. BENCHMARK DESCRIPTIONS PROVIDED BELOW.

WHILE THE INFORMATION CONTAINED HEREIN WAS OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE, CPWM CANNOT GUARANTEE ITS ACCURACY OR COMPLETENESS. TOTALS MAY NOT SUM DUE TO ROUNDING.

THESE MATERIALS MAY NOT BE REPRODUCED, DISTRIBUTED, OR USED FOR ANY OTHER PURPOSE OR SHARED WITH ANYONE IN ANY FORM OR FORMAT. REPRODUCTION OR DISTRIBUTION OF THESE MATERIALS MAY CONSTITUTE A VIOLATION OF FEDERAL OR STATE SECURITIES LAWS AND CERTAIN CONFIDENTIALITY AGREEMENTS TO WHICH THE INTENDED RECIPIENT IS A PARTY.

THIS IS NOT AN OFFER TO INVEST OR AN OFFER FOR ADVISORY SERVICES.

## EXCHANGE TRADED FUND DESCRIPTIONS:

- THE ISHARES SHORT-TERM NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS WITH REMAINING MATURITIES BETWEEN ONE MONTH AND FIVE YEARS.
- THE ISHARES NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS.
- THE ISHARES CORE U.S. AGGREGATE BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF THE TOTAL U.S. INVESTMENT-GRADE BOND MARKET.
- THE ISHARES MSCI ACWI ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE AND MID-CAPITALIZATION DEVELOPED AND EMERGING MARKET EQUITIES.
- THE ISHARES CORE S&P 500 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL MID-CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF MID-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL 2000 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES CORE U.S. VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES CORE U.S. GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EAFE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-, MID- AND SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES MSCI EAFE GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EMERGING MARKETS ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE- AND MID-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES MSCI EMERGING MARKETS SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES U.S. REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF U.S. EQUITIES IN THE REAL ESTATE SECTOR.
- THE ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF REAL ESTATE EQUITIES IN DEVELOPED NON-U.S. MARKETS.
- THE SPDR® BARCLAYS HIGH YIELD BOND ETF SEEKS TO PROVIDE INVESTMENT RESULTS THAT, BEFORE FEES AND EXPENSES, CORRESPOND GENERALLY TO THE PRICE AND YIELD PERFORMANCE OF THE BARCLAYS HIGH YIELD VERY LIQUID INDEX.
- THE ISHARES S&P GSCI COMMODITY INDEXED TRUST SEEKS TO TRACK THE RESULTS OF A FULLY COLLATERALIZED INVESTMENT IN FUTURES CONTRACTS ON AN INDEX COMPOSED OF A DIVERSIFIED GROUP OF COMMODITIES FUTURES.