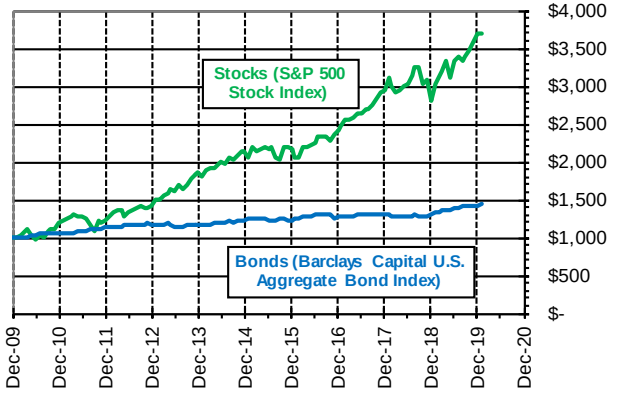
MARKET BAROMETER

January 31, 2020

Stocks vs. Bonds

1



The Economy - Select Statistics

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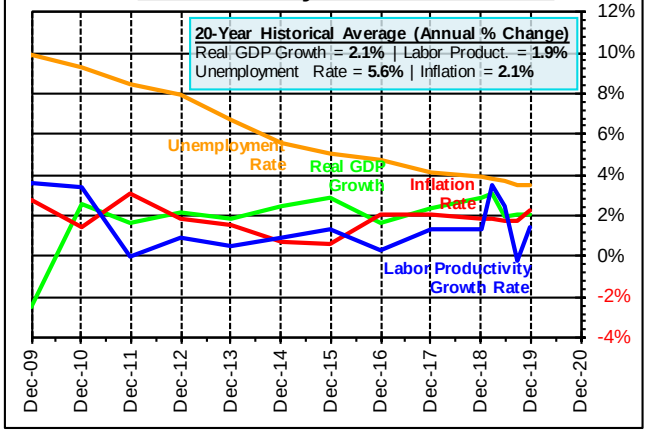
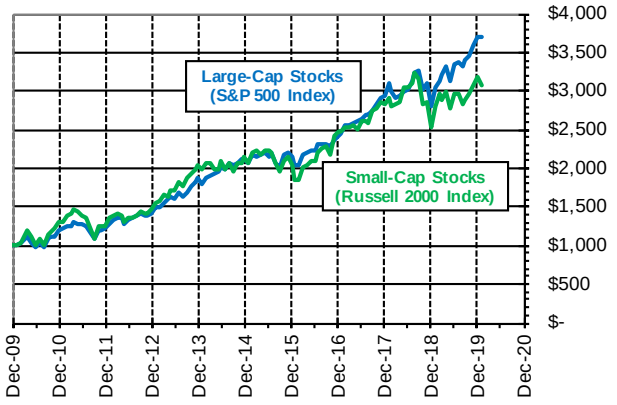


Stocks - Large-Caps vs. Small-Caps

2



Currencies Effect on Investing

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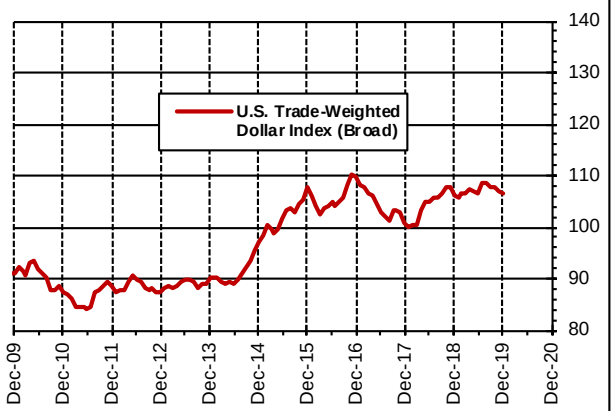

Corporate Earnings (S&P 500 Index)

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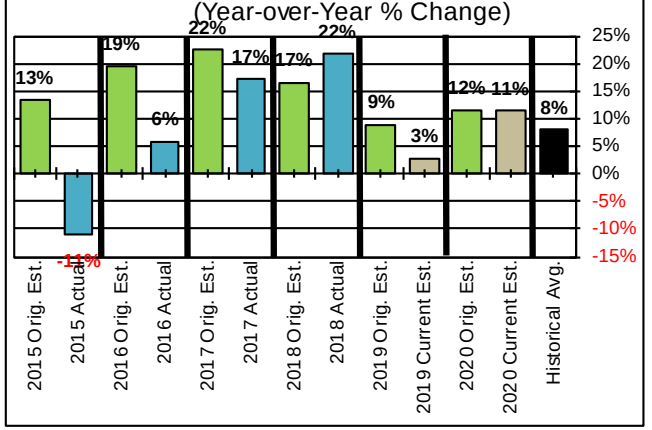
(Year-over-Year % Change)



Bond Market - By Sector Class

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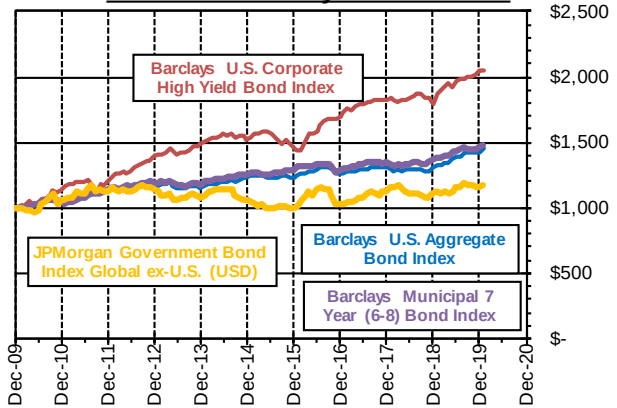

E.C.R.I. U.S. Weekly Leading Indicators Index

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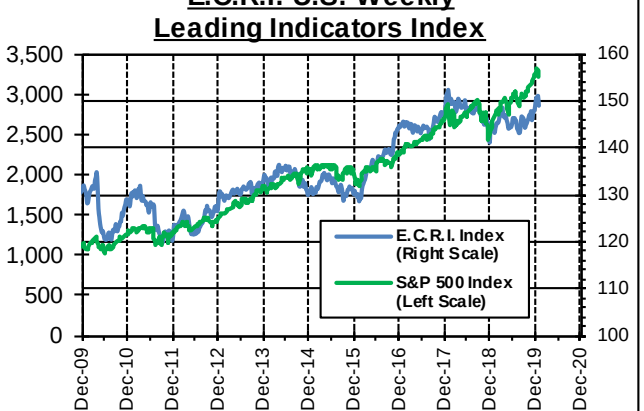

The Yield Curve - Treasury Rates

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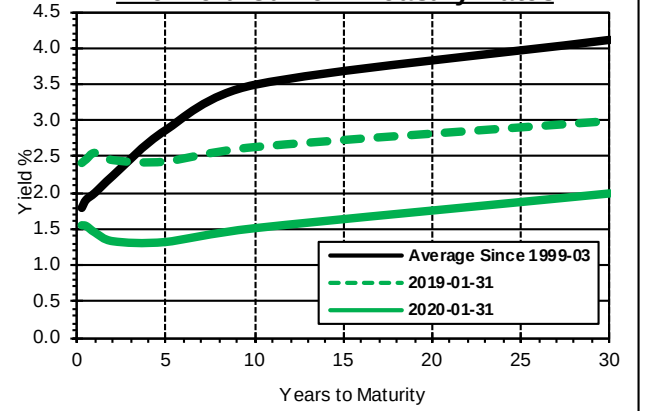


SELECT MACRO ECONOMIC & CAPITAL MARKET STATISTICS

Statistic	2017	2018	2019	2020 Est.
CPI Rate (Inflation)[1]	2.1%	1.9%	2.3%	2.1%
Real GDP Growth Rate[1]	2.4%	2.9%	2.1%	1.9%
S&P 500 Earnings/Share[2]	$124.52	$151.60	$155.85	$173.46
S&P 500 Earnings Growth	**17.2%**	**21.7%**	**2.8%**	**11.3%**
S&P 500 P/E Ratio[2]	**21.5x**	**16.5x**	**20.7x**	**19.2x**
S&P 500 Total Return	**21.8%**	**-4.4%**	**31.5%**	**YTD 0.0%**
Note: Figures in (parenthesis) represent previous month figure.				

Statistic	Current 01/31/2020	Past 12-Months High	Past 12-Months Low
S&P 500 Index Level	**3,226**	3,330	2,704
% Below High / % Above Low	**n/a**	-3.1%	19.3%
S&P 500 Dividend Yield	**1.83%**	N/A	N/A
3-Month Treasury Bill Rate[3]	**1.55%**	2.45% (Feb.)	1.54% (Oct.)
10-Year Treasury Bond Yield[3]	**1.51%**	2.73% (Feb.)	1.50% (Aug.)
U.S. Unemployment Rate[4]	**3.6%**	3.8% (Mar.)	3.5% (Dec.)

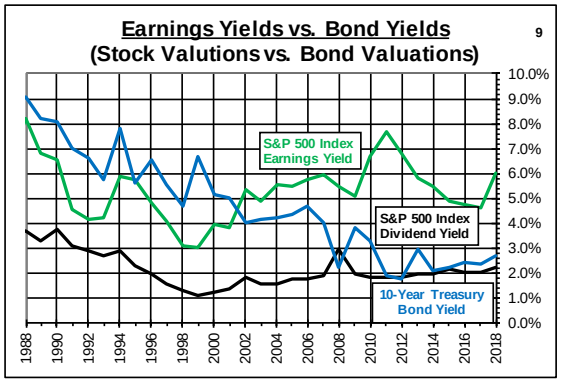
BAROMETER DEFINITIONS:

S&P 500 Index *(Stocks)* Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes 500 leading companies in leading industries of the U.S. economy. The index is maintained by the S&P Index

Barclays Capital U.S. Aggregate Bond Index *(Bonds)* Committee, whose members include S&P's economists and index analysts. They follow a set of published guidelines and policies that provide transparent methodologies used to maintain the index. The Barclays Capital U.S. Aggregate Bond Index is a broad-based bond benchmark index that measures U.S. dollar-denominated investment grade taxable bonds including Treasury, Government-Related, Corporate, Mortgage-Backed, Asset-

Russell 1000 Index *(Large-Cap Stocks)* The Russell 1000 Index offers investors access to the extensive large-cap segment of the U.S. equity universe representing approximately 92% of the U.S. market. The Russell 1000 is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is reconstituted annually to ensure new and growing equities are reflected.

Russell 2000 Index *(Small-Cap Stocks)* The Russell 2000 Index offers investors access to the small-cap segment of the U.S. equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.



Russell 1000 Value Index *(Value Investing)* The Russell 1000 Value Index offers investors access to the large-cap value segment of the U.S. equity universe. The Russell 1000 Value is constructed to provide a comprehensive and unbiased barometer of the large-cap value market.

Russell 1000 Growth Index *(Growth Investing)* The Russell 1000 Growth Index offers investors access to the large-cap growth segment of the U.S. equity universe. The Russell 1000 Growth is constructed to provide a comprehensive and unbiased barometer of the large-cap growth market.

Trade Weighted Dollar Index (Broad)[5] The Trade Weighted Dollar Index is an economic instrument used by economies to compare their exchange rate against those of trading partners. Those trading partners that constitute a larger portion of an economy's exports and imports receives a higher index weighting. The trade weighted index is used to make a more complete comparison between one economy's currency and other currencies it interacts with. It's a more comprehensive analysis than comparing two currencies, such as the U.S. dollar and Japanese Yen. Currency's of the index include the Euro Area, Canada, Japan, Mexico, China, United Kingdom, Taiwan, Korea, Singapore, Hong Kong, Malaysia, Brazil, Switzerland, Thailand, Philippines, Australia, Indonesia, India, Israel, Saudi Arabia, Russia, Sweden, Argentina, Venezuela, Chile and Colombia.

E.C.R.I. U.S. Weekly Leading Indicators Index Directly addresses concerns about freshness of data forecasters versus existing leading indicators, including the well-known monthly Index of Leading Economic Indicators (LEI), originally developed by ECRI's founder Geoffrey Moore for the U.S. Commerce Department. This index has an average lead of 10 months at business cycle peaks and three months at business cycle troughs - a longer overall lead than LEI. ECRI's approach focuses on an array of the best cyclical indicators, to identify clearly and objectively when a turn in a cycle lies ahead. Unlike econometric models that project from past trends, these cyclical indicators are specifically designed to predict future changes in the direction of the economy. They turn before the economy does - but the focus is on the timing of a change in direction. ECRI uses an array of 19 specialized leading indexes in the context of an "economic cycle cube" covering various sectors and aspects of the economy. Because ECRI uses separate leading indexes to track the various aspects of each economy, they do not need to be re-jiggered every time the economy's performance deviates from standard economic theory.

Labor Productivity Rate (Output per hour, nonfarm business)[4] Productivity is a measure of economic efficiency which shows how effectively economic inputs are converted into output. Advances in productivity, that is the ability to produce more with the same or less input, are a significant source of increased potential national income. The U.S. economy has been able to produce more goods and services over time, not by requiring a proportional increase of labor time, but by making production more efficient. Productivity is measured by comparing the amount of goods and services produced with the inputs which were used in production. Labor productivity is the ratio of the output of goods and services to the labor hours devoted to the production of that output.

Unemployment Rate[4] U.S. Department of Labor Civilian Unemployment Rate.

U.S. Treasury Yield Curve[3] Current interest rates from U.S. Treasury Bills, Notes, and Bonds from 3 months to 30 years.

[1]2017-2019 data from The Bureau of Labor Statistics and 2020 estimates from The Wall Street Journal Economic Forecasting Survey. [2]Standard & Poor's (**Historical Operating Earnings using Bottom Up Estimates**). [3]The U.S. Department of The Treasury. Historical yield curve is as far back as public data available (June 1997). [4]The Bureau of Labor Statistics. [5]Board of Governors of the Federal Reserve System. N/A = Not Available.