

December
2018

Economic & Market Chartbook



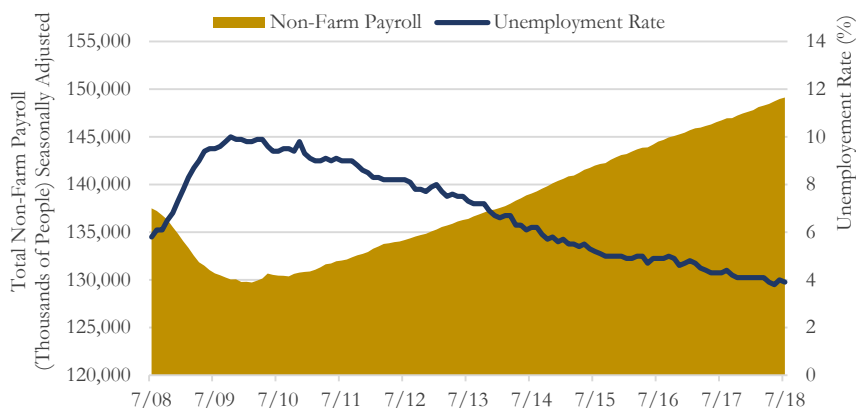
CAPITAL MARKET CONSULTANTS, INC.

Investment Manager, Capital Market and Economic Research

Highlights of the Month

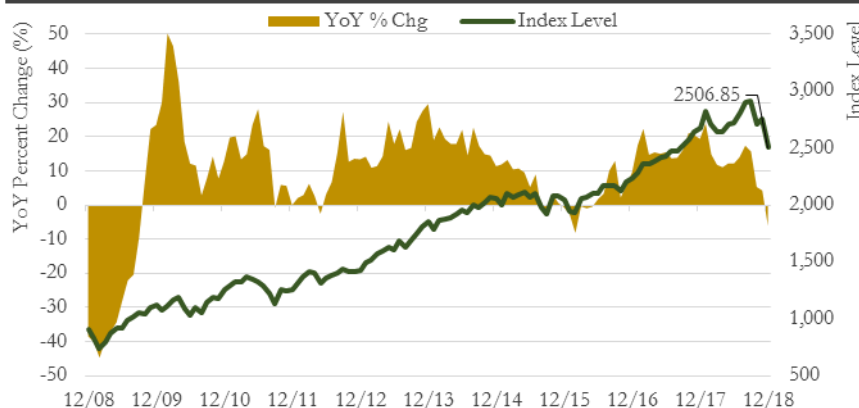
December began on an upbeat note as markets responded positively when President Trump and Chinese President Xi Jinping agreed to a trade dispute ceasefire following a meeting at the G20 summit. The Labor Department's employment report also offered encouragement. U.S. employers hired the most workers in ten months while boosting wages, pointing to sustained strength in the economy that could ease fears of a sharp slowdown in growth. Nonfarm payrolls surged by 312,000 in December, greatly exceeding the expected gain of 184,000 jobs. The Federal Reserve made headlines as 2018 wound down. After weeks of market volatility and calls from President Trump to stop raising interest rates, the Federal Reserve hiked rates for the fourth time this year. From the Fed's perspective, the U.S. economy continues to perform well and no longer needs the support of lower-than-normal interest rates or the maintenance of a massive balance sheet. In market news, the S&P 500 and Dow Jones Industrial Average suffered December losses of 9.0% and 8.6%, respectively. It was the worst December for U.S. equities since 1931. Overseas equity markets also experienced December losses. The MSCI EAFE index fell 4.9% while the MSCI Emerging Markets index dropped 2.7%. A flight-to-safety dynamic drove fixed income markets during the month as investors sought refuge from volatile equity markets. The Barclays U.S. Aggregate Bond index produced a 1.8% gain while the Barclays Global Aggregate Ex. USD bond benchmark rose 2.2%.

Total Non-Farm Payrolls and Unemployment Rate



Source: U.S Bureau of Labor Statistics

S&P 500 Index



Source: Standard & Poor's