

Year in Review

- The Federal Reserve raised its federal funds rate four times during 2018 on the back of solid economic growth. Expectations for 2019 are an additional 2 – 3 rate increases.
- The U.S. unemployment rate reached its lowest rate in 49 years (3.7%) as the number of job openings exceeded the number of people looking for work.
- According to the FOMC 2018 GDP growth is expected to come in around 3% for the year and will slow to 2.3% in 2019.
- U.S. inflation is expected to be 1.9% for 2018 and forecast to be 1.9% for 2019 as well.

2018 Market Performance

- U.S. equity markets turned in their worst year since 2008 after reaching all-time highs mid-year. The S&P 500 ended up down 4.38% for the year while the NASDAQ composite declined 2.84%.
- With rising rates, bonds experienced a very lackluster 2018. The Bloomberg Barclays Aggregate bond index was flat for the year while the High Yield index declined 2.1%.

Key Commodity Prices

	Close	1 yr Ago
Dom Crude Oil (bbl)-NYMEX	45.81	56.91
Natural Gas (MMBtu)	2.96	3.50
Gold (oz)	1,285	1,309
Platinum (oz)	790	940
Copper (lb)	2.63	3.28
Coffee (lb)	N/A	1.42
Cotton (lb)	0.69	0.78
Corn (bu)	3.46	3.23
Soybeans (bu)	8.35	9.19

Equity Style Returns

	V	B	G
L	5.9	6.7	7.5
M	5.5	6.2	7.2
S	5.5	6.5	7.6

1 Week

	V	B	G
L	-8.3	-4.8	-1.5
M	-12.3	-9.1	-4.8
S	-12.9	-11.0	-9.3

YTD

Fixed Income Returns

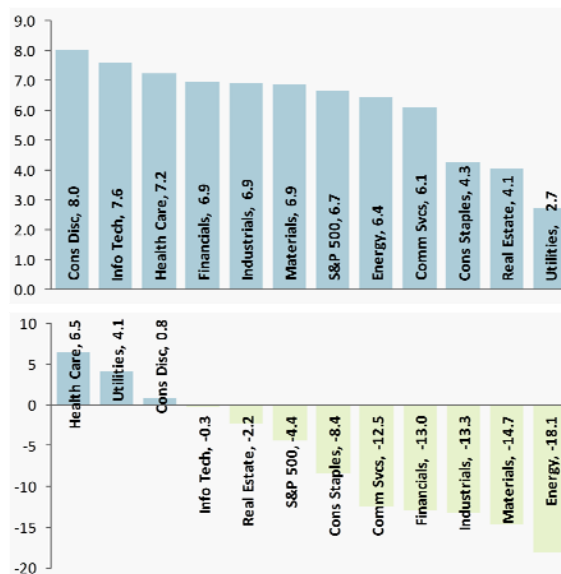
	Short	Int	Long
Gov	0.3	0.5	0.5
Cor	0.2	0.3	-0.3
HY	0.4	0.6	0.4

1 Week

	Short	Int	Long
Gov	1.5	1.4	0.8
Cor	1.0	-1.7	-7.2
HY	0.1	-1.8	-7.6

YTD

S&P 500 Sector Returns



Key Currency Exchange Rates

US\$ to buy Canadian Dollar	0.733
US\$ to buy Euro	1.144
US\$ to buy U.K. Pound	1.270
Yen to buy US\$	110.254

Treasury Yield Curve



Major Market Returns

INDEX

US Equities	Closing	1 WK	1 Year	5 Year
Dow Jones	23,323	7.04	-3.48	9.70
S&P 500	2,507	6.67	-4.38	8.49
NASDAQ	6,634	7.17	-2.84	10.97

Foreign & REIT

	1 WK	1 Year	5 Year
MSCI EAFE NR	1.03	-13.79	0.53
MSCI EM NR	1.67	-14.58	1.65
FTSE Nareit - ALL REITS	1.39	-4.10	8.29

Bonds

	1 WK	1 Year	5 Year
BBgBarc Agg Bond	0.28	0.01	2.52
Citi Treasury 3 Mo T-Bill	0.04	1.70	0.46
BBgBarc US High Yield	0.59	-2.08	3.83
BBgBarc US TIPS	0.14	-1.26	1.69
ML Global Broad Mrkt	0.33	-1.09	1.26

Consumer Money Rates

Interest Rate	Last	Wk Ago	1 Yr Ago
Federal-funds rate target	225-250	225-250	125-150
Prime rate*	5.50	5.50	4.50
Libor, 3-month	2.81	2.82	1.69
Money market, annual yield	0.56	0.56	0.33
Five-year CD, annual yield	2.02	2.02	1.52
30-year mortgage, fixed	4.60	4.62	3.91
15-year mortgage, fixed	3.94	3.99	3.36
Jumbo mortgages, \$417,000-plus	4.59	4.63	4.32
Five-year adj mortgage (ARM)	4.22	4.30	4.03
New-car loan, 48-month	4.60	4.61	3.26

* Base rate posted by 70% of the nation's largest banks



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All data is as of close of prior week unless otherwise indicated.

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Sources: Commodity Prices obtained from WSJ Market Data Group; Treasury Yield Curve obtained from the U.S. Department of the Treasury website www.treasury.gov; Currency Exchange Rates obtained from Thompson Reuters; Consumer Money Rates obtained from Thompson Reuters, WSJ Market Data Group, Bankrate.com; Market Return Data obtained from Morningstar.

Market Returns: All return data represents total return including capital appreciation and reinvestment of dividends. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. The S&P 500 Index is a broad-based index of 500 large companies and is widely regarded as an indicator of domestic stock market performance. The NASDAQ composite index is a broad-based, capitalization-weighted index of all NASDAQ National Market & Small-Cap stocks. The MSCI EAFE Index is a capitalization weighted index that monitors the performance of stocks from Europe, Asia and the Far East. The MSCI Emerging Markets Index is a capitalization weighted index that monitors the performance of emerging markets stocks from around the world. The FTSE NAREIT ALL REITS Index is a market capitalization-weighted index that includes all tax-qualified real estate investment trusts that are listed on the NYSE, the ASE and NASDAQ. The Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities including government, government agency, corporate and mortgage-backed securities between one and ten years. The Barclays Capital U.S. Corporate High Yield Index consists of below investment grade U.S. corporate taxable bonds. The Barclays Capital U.S. Treasury Inflation-Protected Securities (TIPS) Index tracks inflation protected securities issued by the U.S. Treasury. The Citi Treasury 3 Month T-Bill Index is based on the last three-month Treasury Bill issues. The Merrill Lynch Global Broad Market Index tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets. Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.