



## Market Summary – January 17, 2017

*For the week ending January 13*

*This summary is provided by BMT Wealth Management.*

### Foreign Equities Post Strong Results in First Half of January

The S&P 500 Index largely marked time over the last full week of the Obama Administration, closing out the five-day period that ended on Friday (Jan. 13) with a loss of just -0.09%. Small cap stocks, as measured by the Russell 2000 Index, did better, returning +0.37% for the same time period.

Year-to-date, the S&P 500 has advanced +1.67%, while the Russell 2000 is higher by +1.13%.

Within the developed international equity markets, the MSCI EAFE Index returned +0.82% for the week and is now up +2.61% for the year. Emerging markets equities, as reflected by the MSCI EM Index, turned in an even stronger performance. They advanced +1.69% for the week and are now up +3.92% in 2017.

While admittedly very early, if the trend holds with respect to the geographic equity returns, this would be the first year since 2012 that both the international and emerging markets equities outperform the S&P 500.

In the debt markets, there was relatively little change last week, as the two-year U.S. Treasury Note started the week yielding 1.21%, and ended at 1.19%. The yield on the 10-year U.S. Treasury Bond declined by a similar amount, closing out Friday's trading at 2.40%.

### Details to Follow

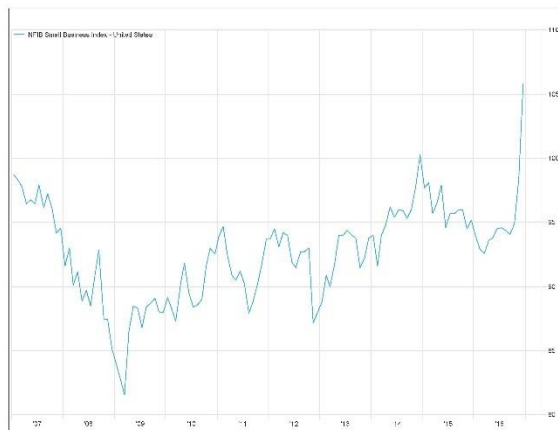
During the presidential campaign, Donald Trump indicated that he would reduce the regulatory burden on businesses, reduce corporate income taxes, and spend substantial sums on infrastructure. In the process, he expects to increase real GDP growth from the roughly 2% it has been averaging over the past few years to something nearer to 4%.

To say the least, the domestic equity markets have reacted positively to this plan, moving substantially higher in the weeks since the Nov. 8 election.

Much uncertainty remains, however, about the details of the tax code changes and the other components of President-elect Trump's economic plan.

The lack of specifics has certainly not bothered equity investors; they have already discounted a good bit of positive news. Likewise, small businesses, often cited as the backbone of the economy, are similarly optimistic. This was evidenced by the monthly Index of Small Business Optimism, which was released by the National Federation of Independent Business (NFIB) last Tuesday morning (Jan. 10).

**NFIB Small Business Optimism Index  
1/1/2007 – 12/31/2016**



Source: FactSet, Inc.

As the name implies, the NFIB Index is designed to measure the optimism of small business owners. It is calculated every month; the chart above plots the last ten years of the Index.

The chart shows a sharp downturn in optimism during the Great Recession of 2008-09. That was followed by a recovery and mostly sideways action over the next few years, up until November and December of 2016, when it vaulted sharply higher.

As noted earlier, the equity markets are clearly optimistic with respect to the new administration, and the above chart demonstrates that small businesses are, as well. Both eagerly await the presidential inauguration this Friday (Jan. 20) at 12:00 noon, and the details to follow.

---

### ***BMT in the Press***

Bryn Mawr Trust professionals are regularly sought after by the media for their insights on financial matters. The following are some recent highlights.

#### **Nasdaq Falls for First Time in 2017 as Trump Disappoints; Street Awaits Earnings (1/12/2017)**

[CNBC.com](#) called upon Ernie Cecilia, Chief Investment Officer at BMT, for expert insight about the markets' reaction to President-elect Donald Trump's recent press conference. Ernie explained the importance of paying close attention to announcements from the new administration about its policies, and that details (structure) and timing matter greatly to the financial markets.

#### **A Rebounding Unilever Has Room to Rise (1/14/2017)**

Ernie Cecilia spoke with [Barron's](#) to share BMT's extensive research on European consumer-goods stock Unilever. When deciding to invest in international stocks like Unilever, Ernie explained that his team analyzes where (geographically) the company generates sales, the types of acquisitions made by the company, and the consistency and composition of revenue growth.

#### **Inflation Means Higher Wages and Prices, Lower Stock and Bond Returns (1/16/2017)**

In a story about the implications of inflation on consumers and the economy, [The Philadelphia Inquirer](#) included Bryn Mawr Trust's outlook, noting that the firm expects volatility in the months ahead.

---

*The views expressed herein are those of Bryn Mawr Trust as of the date above and are subject to change based on market conditions and other factors. Past performance is no guarantee of future results. This publication is for informational purposes only and should not be construed as a recommendation for any specific security or sector. Information has been collected from sources believed to be reliable but have not been verified for accuracy.*

*Securities and insurance products: (1) are not bank deposits; (2) are not insured or guaranteed by the FDIC or any other government agency; (3) are not obligations of, or guaranteed by, any financial institution; and (4) involve investment risks, including the potential for fluctuations in investment return and the possible loss of principal.*

*By clicking on the links above, you will be directed to websites that are not operated or controlled by Bryn Mawr Trust. Bryn Mawr Trust is not responsible for the content on or availability of the linked websites. Bryn Mawr Trust does not endorse or guarantee any products or services made available on the linked websites and makes no representation or warranty regarding the accuracy of the information contained on the linked websites. If you have any questions or concerns about the information provided on the linked websites, please contact that third party directly.*

© 2017 The Bryn Mawr Trust Company

**BMT Wealth Management**  
**Harry R. Madeira, Jr. (“Gary”) | Executive Vice President**  
**610.581.4791 | [gmadeira@bmtc.com](mailto:gmadeira@bmtc.com)**  
**[bmtcwealth.com](http://bmtcwealth.com)**