BMT
BRYN MAWR TRUST

Market Summary – February 21, 2017

For the week ending February 17

This summary is provided by BMT Wealth Management.

Seven and Counting

The major news from last week was the continued advance of the equity markets.

The Dow Jones Industrial Average posted its seventh consecutive closing high on Friday (Feb. 17), if barely so, finishing the day with a gain of just over four points. For the week, the Dow was higher by over 350 points, or 1.88%. Year-to-date, the Index of 30 stocks is up 4.77%.

The possibility of making it eight closing highs in a row will need to wait until later today, however, since the markets were closed yesterday (Feb. 20) in observance of Presidents Day (or, as per the NYSE, Washington's Birthday).

Small company stocks, as measured by the Russell 2000, lagged their large-cap brethren last week, but still advanced 0.82% for the five-day period. For 2017, the Russell 2000 is now higher by 3.26%.

International (MSCI EAFE Index) and emerging markets (MSCI EM Index) equities have also posted strong results in 2017, up 4.39% and 9.50%, respectively.

Yellen Speaks

Federal Reserve Chair Janet Yellen was on Capitol Hill for two days of testimony last week and said that if the economy continues to improve, the Federal Reserve would likely raise rates at one of "our upcoming meetings."

Ms. Yellen also indicated that "waiting too long to remove accommodation would be unwise, potentially requiring the FOMC to eventually raise rates rapidly, which could risk disrupting financial markets and pushing the economy into recession."

Entering the year, the estimates from the Fed were for three rate increases during calendar 2017. The Fed has yet to raise rates this year, and it is scheduled to meet seven times between now and year-end. The next meeting takes place on March 14-15.

U.S. Treasuries

Unlike the stock market, the bond market saw relatively little change for the week just ended, and seemed to take Ms. Yellen's testimony in stride. Ten-year U.S. Treasury bonds closed out the week yielding 2.42%, or less than one basis point from where it started the week.

Longer-dated debt, as measured by 30-year U.S. Treasury bonds, ticked higher in yield by roughly two basis points, to finish last week at 3.02%.

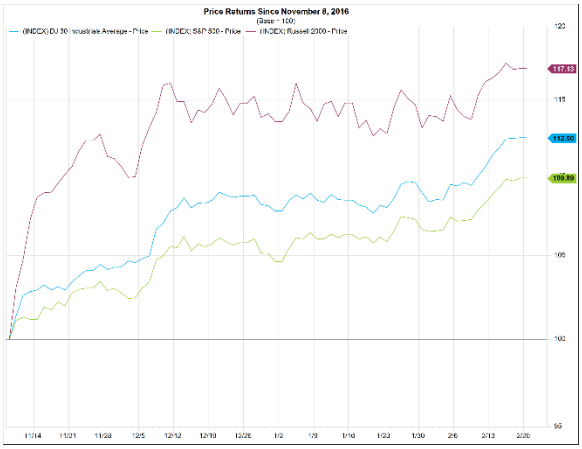
Presidents Day

As noted above, the markets were closed yesterday (Feb. 20) in observance of Presidents Day. This pause in trading seems like a good time to review the advance that has been posted since President Trump was elected to office.

The graph below details activity of the Dow Industrials, the S&P 500, and the Russell 2000

since Election Day on Nov. 8. The figures at the right reflect price-only returns (that is, they exclude dividends) and illustrate the ongoing and sizable advances, which range from 9.89% (S&P 500) to 17.13% (Russell 2000), for the roughly 15-week period.

Price Returns of Dow Industrials, S&P 500, and Russell 2000 Since Election Day on 11/8/2016



Source: FactSet, Inc.

Waiting for Specifics

As the graph above displays, the equity markets have obviously reacted very positively since the election. To date, however, the advance has been accompanied by little in the way of specifics with respect to changes in economic or tax policy.

The lack of specifics should change shortly, as earlier this month, President Trump indicated he would be rolling out a "phenomenal" tax plan within the next few weeks.

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.

The S&P 500 May Not Get Such a 'Big League' Benefit from Trump's Tax Plan After All (2/13/2017)
Ernie Cecilia, Chief Investment Officer at BMT, spoke with CNBC.com to explain how President Trump's tax plan could impact the markets. Ernie cautioned investors against painting in broad strokes, as proposed tax cuts for corporations may affect companies differently.

Week Ahead: Fed Is Expected to Toe the Party Line (2/19/2017)
Ernie Cecilia spoke with TheStreet to provide BMT's views on the markets and possible tax and regulatory reforms that have been put forth in a broad manner by the new administration and Congress. Ernie commented that BMT anticipates short-term volatility in both the bond and equity markets, as the details and likely outcomes of proposed measures are released by, and debated within, the executive and legislative branches of government.

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