



Market Summary – April 2, 2018

For the week ending March 30

This summary is provided by BMT Wealth Management.

Confident Consumer

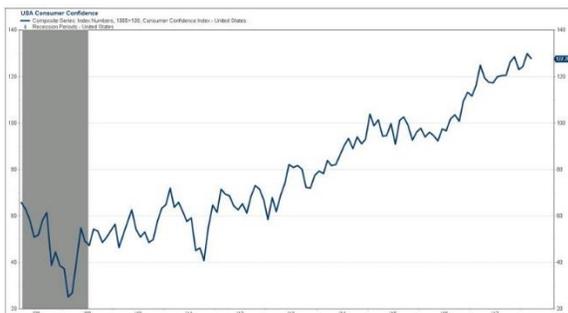
Financial markets have displayed volatility in recent months, after experiencing an extended period of calm.

Despite the volatility in the markets, economic expansion continues at a good pace. We see this as being due primarily to the U.S. consumer, which makes up about 70% of U.S. Gross Domestic Product (GDP).

In addition to “hard” data on actual spending, an effective way to gauge future spending by consumers is The Conference Board’s Consumer Confidence Index. The Index reflects consumer attitudes about current and prospective business conditions, spending, employment, and income, as well as consumer outlook for the stock market.

As noted in the graph below, this measure of consumer intentions has risen rather steadily since the end of the last recession in 2009 (shaded area).

**U.S. Consumer Confidence:
Last 10 Years**



Source: FactSet, Inc.

Tale of the Tape

So, how did markets perform during this recent quarter of heightened volatility?

The broad-based S&P 500 Index dropped -0.76%, while the narrower 30-stock Dow Jones Industrial Average declined a larger -1.96%. Despite the severe declines in many mega-cap tech stocks since the middle of March, the NASDAQ Composite rose +2.59% in the first quarter.

One of our observations is that there was slightly better performance in smaller-capitalization issues last quarter.

As noted below, larger-cap stocks, as reflected by the S&P 500 Index (blue line), performed in line with the S&P Mid-Cap 400 Index (gold line), while the Russell 2000 Index of smaller-cap stocks (red line) declined by a lesser -0.08%.

**Performance by Market Cap:
12/31/2017 – 3/31/2018**



Source: FactSet, Inc.

What Does This All Mean?

We had been of the view that volatility would rise as we entered 2018, as the shift away from extraordinarily easy monetary conditions would remove the “safety net” to risk assumption.

We believe the recent spate of volatility is associated less with the fundamental issues of economic growth, corporate profitability, and inflation and more with headlines, including tariffs and the threat of trade wars, privacy issues with large social media companies, the

possibility of regulatory encumbrances on selective mega-tech companies, and geopolitical tensions.

In this more volatile market environment, we maintain our favorable long-term view on equities, given the positive trend in fundamental factors, but we remain vigilant as to valuation. In the same vein, in the fixed income markets, we continue to be defensive as to maturity, credit, and structure, with the ten-year U.S. Treasury closing out the quarter to yield 2.74%.

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.

What Analysts Are Saying About the Stock Selloff (3/27/2018)

As tech stocks plunged this week, [Bloomberg](#) turned to Ernie Cecilia, Chief Investment Officer at BMT, to discuss what’s driving the selloff. Ernie indicated that disruptions in the businesses of expensively valued stocks, such as selected social media issues, can reduce investor confidence and lead to an increase in volatility.

Sincere Sees a Bear Market Coming, Cote Doesn’t (3/30/2018)

BMT Chief Investment Officer Ernie Cecilia recently joined veteran finance journalist Chuck Jaffe on the [MoneyLife Show](#) podcast. Ernie discussed BMT’s investment methodology and where the firm sees opportunity for investors in the coming months. (Ernie’s segment starts at 33:10.)

For the Boomerang Generation, There Are Pitfalls to Moving Home (4/1/2018)

[CNBC.com](#) sought expert insight from Jennifer Dempsey Fox, President of BMT Wealth Management, on the financial consequences associated with having your adult children move back home after graduating from college. Jen explained how to maintain your nest egg and ensure you’re on track for retirement, while lending the necessary assistance to your children.

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