



Market Summary – April 9, 2018

For the week ending April 6

This summary is provided by BMT Wealth Management.

More Trade-War Rhetoric Unwelcomed by Financial Markets

Equity markets began and ended last week with downside volatility, with the news of possible additional tariffs being imposed by the United States and China.

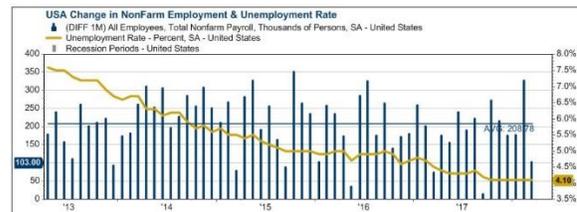
On Monday (Apr. 2), Chinese officials threatened to levy tariffs on more than 100 U.S. goods that are heavily focused on agricultural-related products. Tensions escalated later in the week, when the Trump administration responded with threats of additional tariffs on roughly \$100 billion of products manufactured in China.

The amount of goods and services that could potentially be affected by tariffs, if fully enacted, pales in comparison to the size of the U.S. and Chinese economies, but the threat of a full-scale trade war between two of the world's largest trading partners was not warmly received by financial markets.

The March Non-Farm Payroll report released on Friday (Apr. 6) missed consensus estimates, and the addition of 103,000 non-farm payroll jobs was the lowest reading in six months. The U.S. Bureau of Labor Statistics suggested that adverse weather conditions had an impact on labor markets.

There are considerable fluctuations in monthly job data, but as the chart below illustrates, the U.S. labor market has been strong over the past five years and has gained, on average, roughly 209,000 jobs per month.

Total Non-Farm Payrolls & Unemployment Rate – United States Five Years Ending 3/31/2018



Source: FactSet, Inc.

Financial Markets Overview

Equities gave up some ground last week, with various U.S. market indexes finishing in the red. The S&P 500 Index fell -1.35%, with the brunt of the decline occurring during Friday afternoon's (Apr. 6) trading session.

U.S. large-cap technology stocks, which drove strong market index performance last year, were laggards. Semiconductor stocks faced selling pressure after Apple said it intends to develop its own microprocessors, thus moving away from Intel chips.

More defensive economic sectors, such as Utilities and Consumer Staples, were positive outliers for the week.

Results were mixed within international equity markets. European stocks were the leaders for the week (the MSCI Europe Index was up +0.97%), while Japanese and Emerging Market stocks fell slightly (the MSCI Japan Index was down -0.71%, and the MSCI EM Index was down -0.73%).

In fixed income markets, the two-year and 10-year U.S. Treasury yields rose throughout the week, but fell on Friday after U.S. employment data was released and stocks declined. As of the end of the week, the 10-year and two-year Treasury yields were 2.77% and 2.27%, respectively.

Despite rising equity market volatility, credit spreads have been fairly stable. While corporate credit spreads for both investment-grade and high-yield bonds are currently higher relative to late January, the degree of spread widening is not signaling a wholesale shift in investor demand for corporate credit.

Looking Ahead

Investors have been focused recently on headlines surrounding tariffs and trade policy.

That could change this week, as several large multinational banks are expected to report first-quarter earnings, and the Federal Reserve will release minutes from the most recent Federal Open Market Committee meeting.

While the news pertaining to tariffs and trade-war rhetoric is concerning, these issues are not causing us to alter our long-term views for the fixed income and equity markets. We anticipate that the upcoming quarterly earnings season may shift attention away from geopolitical events and refocus investors on the fundamental issues of economic growth and corporate profitability.

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.

Four Times It Makes Sense to Revise Your Will (3/30/2018)

Paul Gaudio, Wealth Planning Strategist at BMT's Princeton-based Wealth Specialty office, spoke to [U.S. News & World Report](#) about the scenarios that should prompt investors to revisit their wills. Paul suggested that significant life events and changes to the tax laws are two catalysts that may require updates to inheritance documents.

Social Security Survivors Benefit: Plan for Loss of a Spouse (4/4/2018)

In the event your spouse passes away before you, do you have a plan in place to preserve your nest egg? Paul Gaudio explained to [Kiplinger's Retirement Report](#) the importance of adjusting your financial plan to account for the loss of one Social Security benefit.

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