



Market Summary – July 23, 2018

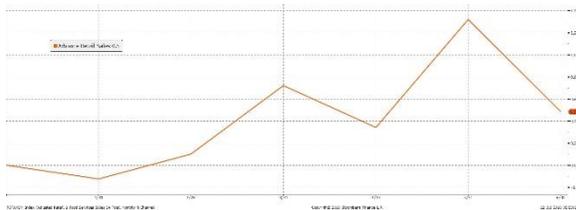
For the week ending July 20

This summary is provided by BMT Wealth Management.

Economic Data: Consumers Continue to Spend

Consumer spending jumped last month as the healthy labor market and lower marginal tax rates provided more spending power for consumers. In June, retail sales increased 0.5%, the fifth consecutive month of increased consumer spending, compared to 1.3% the prior month.

Advance Retail Sales: 12/31/2017 – 6/30/2018



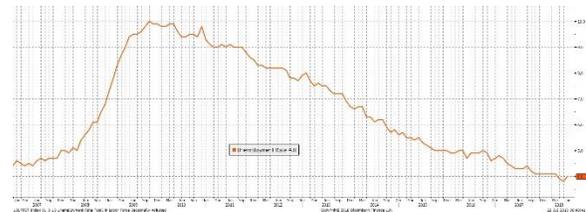
Source: Bloomberg Finance L.P.

Consumers opened their wallets for healthcare and personal care items, as well as big-ticket items such as automobiles. Interestingly, rising trade tensions engulfing news headlines thus far this year have yet to notably impact U.S. economic growth.

Federal Reserve Chairman Jay Powell provided an upbeat assessment of the U.S. economy during last week's Semiannual Monetary Policy Report to the Senate Banking Committee and the House Financial Services Committee. He commented on the robust labor market and the strength of the overall U.S. economy by stating, "Incoming data show that, alongside the strong

job market, the U.S. economy has grown at a solid pace so far this year."

U.S. Unemployment Rate: 12/31/2006 – 6/30/2018



Source: Bloomberg Finance L.P.

Chairman Powell noted that the U.S. economy is strong enough to sustain further increases to the federal funds target range, which is currently set at 1.75% to 2.00%.

Also reported last week, U.S. housing starts in June unexpectedly dropped to levels last experienced in 2017. Higher mortgage rates are partly to blame, but rising material and builder costs also bear some responsibility. Overall, the housing market remains healthy, although ongoing monitoring is appropriate, given the likelihood of further rate hikes down the road.

Financial Markets: Subdued Volatility

Last week, the S&P 500 Index increased one point and returned a very modest 0.04%. Sector performance was mixed.

Financials recorded the best returns on the week, up 2.24%, with increasing yields and

positive earnings announcements providing a welcomed boost to the sector.

The Energy and Telecommunications sectors lagged behind, down -1.86% and -1.84%, respectively. The price of oil dropped more than 2.0% last week, a negative factor for the Energy sector, while higher bond yields dampened the allure for the high-dividend-paying Telecommunications sector.

Overseas, developed international markets (MSCI EAFE) increased 0.63%, while emerging markets (MSCI EM) dropped -0.45%. Emerging markets continued to be negatively impacted by rising trade tensions and geopolitical risks. For the year, emerging markets are down more than 6.0%.

Financial Markets: Rising Bond Yields

In fixed income, U.S. Treasury yields jumped across the yield curve. The two-year and 10-year increased one basis point (0.01%) and six basis

points (0.06%) and ended the week at 2.59% and 2.89%, respectively. Investors favored investment-grade corporate bonds relative to U.S. governments securities, leading to declining credit spreads.

Despite the modest increase in short-term bond yields last week, investors are anticipating at least one more rate hike this year, and possibly two, depending on incoming economic data.

Looking Ahead

This week, investors will get additional data on the Housing sector, with existing home sales and new home sales for June reported on Monday (July 23) and Wednesday (July 25), respectively.

Also, the much-anticipated second quarter gross domestic product will be released on Friday (July 27). There are high expectations that U.S. economic growth surpassed 4.0% in the quarter, a quarterly growth rate last achieved back in 2014.

BMT in the Press

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

Good Financial Habits May Not Make You Rich. Here's What Will (7/19/2018)

CNBC.com turned to Jennifer Dempsey Fox, President of BMT Wealth Management, for expert advice on how new investors can build and maintain wealth. Jennifer emphasized the importance of asking questions in order to move forward with any financial goals.

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