



Market Summary – September 4, 2018

For the week ending August 31

This summary is provided by BMT Wealth Management.

Economy: Trade and Economic Growth

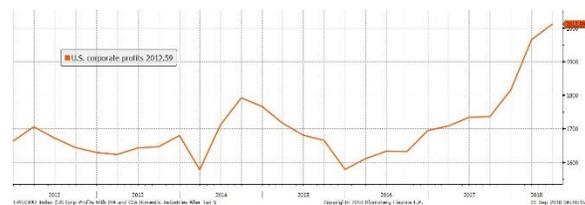
Trade discussions continued last week, with the market's primary focus on the United States, Mexico, and Canada.

Early in the week, the United States and Mexico reached a trade deal focused on auto manufacturing and labor standards. The market's positive reaction was partly based on expectations that Canada would now rejoin the discussions and restart negotiations regarding the North American Free Trade Agreement (NAFTA).

By the end of the week, although progress was reported to be made, Canada and the United States needed more time to settle their differences and agreed to ongoing talks.

Also last week, U.S. economic growth was reported at an annualized rate of 4.2% in the second quarter, slightly faster than initially expected. Personal consumption increased at a healthy 3.8%. After-tax corporate profits were up more than 16% from a year earlier, as the business sector continues to benefit from economic growth and, of course, the drop in the corporate tax rate.

U.S. Corporate Profits with Inventory Valuation Adjustment and Capital Consumption Adjustment Domestic Industries After Tax: 12/31/2011 – 6/30/2018



Source: Bloomberg Finance L.P.

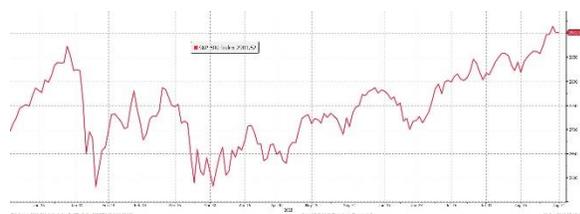
Financial Markets: Equities Reach Record Highs

U.S. equity markets continued to benefit from rising U.S. corporate earnings and an acceleration in U.S. economic growth. The S&P 500 and NASDAQ indices both reached record highs mid-week, while the Russell 2000 ended the week at a record high.

Overall, the S&P 500 Index was up nearly 1.00% last week. The Information Technology sector led the way, advancing by 2.04%. The Telecommunications and Utility sectors both ended the week in the red, down -1.57% and -0.49%, respectively.

Also worth noting, the S&P Index was up 3.26% in August, the fifth consecutive monthly advancement, and has returned 9.94% thus far in 2018.

S&P 500 Index:
1/2/2018 – 8/31/2018



Source: Bloomberg Finance L.P.

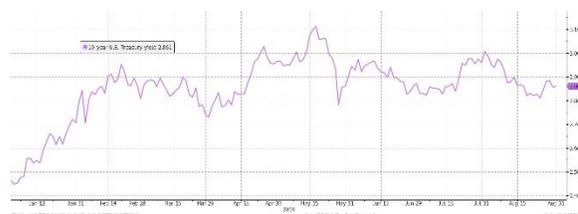
Overseas, developed international equity markets (MSCI EAFE Index) returned 0.28%, and emerging markets (MSCI Emerging Markets Index) increased 0.60% for the week just ended.

Financial Markets: U.S. Treasury

U.S. Treasury yields rose across the yield curve, with the two-year and 10-year U.S. Treasury yields up one basis point (0.01%) and five basis points (0.05%), respectively, ending the week at 2.63% and 2.86%.

Interestingly, the 10-year U.S. Treasury yield has traded in a very tight range after spiking higher earlier in the year. In fact, the 10-year U.S. Treasury yield has closed higher than 3.0% only 11 times thus far in 2018.

10-Year U.S. Treasury Yield:
1/2/2018 – 8/31/2018



Source: Bloomberg Finance L.P.

The Federal Reserve meets at the end of this month (on Sept. 25-26) and is expected to raise the federal funds target range by 25 basis points (0.25%). At that meeting, the Federal Open Market Committee will be joined by its newest member, Richard Clarida, a Columbia University economist who was confirmed last week by the Senate as the Federal Reserve vice chairman.

Looking Ahead

This week, investors will be focused on the August ISM Manufacturing and ISM Non-Manufacturing data that is due to be released today and Thursday (Sept. 6), respectively. Investors also will be interested in Friday's (Sept. 7) release of the August labor market report.

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 Bull Market Is Really Old. Does That Mean It's at Death's Door? (8/22/2018)

Ernie Cecilia, Chief Investment Officer at BMT, spoke with [Bloomberg](#) about the ongoing bull market, which is currently the longest ever to be recorded. Ernie weighed the risks associated with today's all-time market highs and explained that the length of the bull market itself isn't a cause for concern.

Treasuries - U.S. Bond Yields Rise Ahead of 2-Year Auction (8/27/2018)

As geopolitical tensions simmered in late August, Jim Barnes, Director of Fixed Income at BMT, spoke with [Reuters](#) to explain how these events are impacting fixed income markets.

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