



## Market Summary - April 1, 2019

*For the week ending March 29*

*This summary is provided by BMT Wealth Management.*

### Spring Has Sprung!

The calendar has transitioned to a new season of the year, and the differing and volatile weather patterns often associated with March can sometimes be seen playing out in the financial markets.

Global equity markets moved up nicely from the lows of December 2018 and have recovered a good portion of the damage coming off their peak levels of September/October 2018. Of note, U.S. equity markets turned in their best first quarter performance since 1998. Also, the S&P 500 Index recorded positive returns in each of the first three months of 2019.

After the Federal Open Market Committee's (FOMC) announcement and post-meeting press conference on March 20 indicating the central bank's intentions to hold rates steady (no increases in 2019), equity markets first rallied then stumbled on March 22 to close out that week before regaining positive ground.

### Inside the Markets

For the last week of March, the broad bellwether S&P 500 Index rose +1.23%. Small cap stocks, as measured by the Russell 2000 Index, rose a strong +2.32% for the week but were an underperforming segment of the U.S. equity markets in March.

**U.S. Equity Total Return Performance by Cap Size (Trailing One Month)  
March 2019**



Source: FactSet, Inc.

In the graph above, the S&P 500 is plotted (horizontal blue line) to represent large cap stocks, as well as to serve as the base for the comparison. The Russell 2000 Index (yellow) representing small cap stocks and the Russell Mid Cap Index (red line) are then plotted against the base, S&P 500.

It is important to note that small cap stocks underperformed in March by about 4.00%, after outperforming in the first two months of the quarter. We will continue to monitor relative market cap performance, its implications for the durability of this market recovery and the impact on sub-equity asset allocation strategy.

After a week of yield curve inversion hysteria, where long-term rates traded at levels below short-term rates, the curve moved more into a flattening mode. In the prior week, yields

on 3-month U.S. Treasury bills (2.45%) were higher than the 10-Year U.S. Treasury bond (2.42%). Yields on 3-month U.S. Treasury bills closed the week to yield 2.39%, with the 10-Year U.S. Treasury bond yield at 2.40%.

## Looking Ahead

We see many cross currents at this stage of a long economic expansion that will celebrate its tenth year of life in June. There is opportunity for further capital appreciation in the current cycle, even given the age of this expansion. However, we also see bouts of volatility becoming more frequent as we move forward through 2019.

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## Bonus Content

### PODCAST: U.S. Treasury Market Update, Including Commentary on the Treasury Yield Curve Inversion (3/22/19)

*Jim Barnes, Senior Vice President and Director of Fixed Income at BMT Wealth Management, provides commentary on the developments in the U.S. Treasury market and the recent inversion of the U.S. Treasury yield curve, the specific area between the 3-month U.S. Treasury bill and the 10-year U.S. Treasury note. He discusses last week's events that contributed to the yield curve's inversion, including the FOMC meeting on March 19-20, as well as disappointing manufacturing data in the eurozone and in the U.S. reported on March 22.*

[Listen online at bmt.com/wealth](https://www.bmt.com/wealth)

(transcript available)

## BMT in the Press

### Stocks Rise and Treasury Rally Eases; Pound Slumps: Markets Wrap (3/28/2019)

*As U.S.-China trade negotiations linger on, Bloomberg consulted Ernie Cecilia, Chief Investment Officer of Bryn Mawr Trust, to discuss how markets are reacting as a result. Ernie explained that negative news headlines, such as those covering the trade war, create uncertainty and, therefore, cause markets to fluctuate.*

*Read the entire article at [bloomberg.com](https://www.bloomberg.com)*

### Markets are Flashing this Warning of an Impending Recession – But When? (3/25/2019)

*Given the recent yield curve inversion, NBCNews.com turned to Jim Barnes, Director of Fixed Income at Bryn Mawr Trust, to learn what this means for investors.*

*Read the entire article at [nbcnews.com](https://www.nbcnews.com).*

## **A Growing List of Companies from FedEx to BMW are Warning About the World Economy (3/20/2019)**

*As geopolitical tensions continue to weigh on global markets, CNBC.com consulted Ernie Cecilia, Chief Investment Officer at Bryn Mawr Trust, for his insight on potential implications to the U.S. economy.*

*Read the entire article at [cnbcnews.com](http://cnbcnews.com).*

## **How to Use Muni Bonds for Tax-Loss Harvesting (3/18/2019)**

*Financial Advisor Magazine turned to Jim Barnes, Director of Fixed Income at Bryn Mawr Trust, for his insight on the most advantageous times to leverage municipal bonds.*

*Read the full article on the Financial Advisor Magazine website by [clicking here](#).*

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