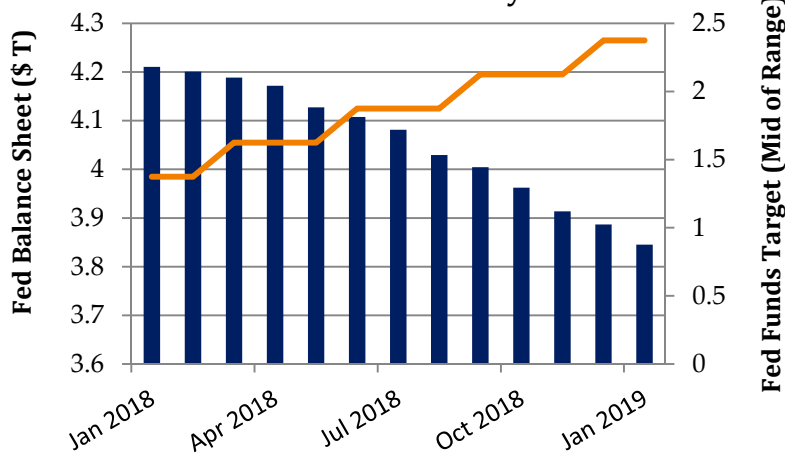


LCG Market Update / January 2019

ASSOCIATES

- Quantitative Easing has transitioned to Quantitative Tightening, as the Fed has allowed \$232 billion in Treasuries and \$142 billion in MBS to runoff its balance sheet since the beginning of 2018.
- Fed Chairman Powell struck a dovish tone with his statement on balance sheet normalization, signaling quantitative tightening could end sooner than previously expected.

Federal Reserve: Policy Tools



After the surge in volatility in December, the Fed maintained the Federal Funds rate at current levels in January and added that they intended to be “patient” regarding future adjustments. As of February 1st, the futures markets were factoring in a 2% chance of a fed hike in 2019, even after two consecutive months of 300K plus jobs reports.

	Index Data as of January 31, 2019						
	Month	QTD	YTD	1 - Year	3 - Year	5 - Year	10 - Year
S&P 500	8.0%	8.0%	8.0%	-2.3%	14.0%	11.0%	15.0%
Dow Jones	7.3%	7.3%	7.3%	-2.2%	17.8%	12.4%	15.0%
NASDAQ	9.8%	9.8%	9.8%	-0.7%	17.7%	13.4%	18.6%
Russell 2000	11.2%	11.2%	11.2%	-3.5%	14.7%	7.3%	14.5%
MSCI EAFE	6.6%	6.6%	6.6%	-12.5%	7.7%	2.7%	8.1%
MSCI ACWI ex US	7.6%	7.6%	7.6%	-12.6%	9.6%	3.1%	8.3%
MSCI ACWI	7.9%	7.9%	7.9%	-7.5%	11.6%	6.7%	11.3%
MSCI Emerging Mkts	8.8%	8.8%	8.8%	-14.2%	14.9%	4.8%	9.7%
B.B. Agg	1.1%	1.1%	1.1%	2.3%	1.9%	2.4%	3.7%
B.B. Global Agg	1.5%	1.5%	1.5%	-0.9%	2.9%	1.2%	3.0%
B.B. EM Agg	3.2%	3.2%	3.2%	0.8%	6.2%	4.9%	8.6%
Blm. Commodities	5.4%	5.4%	5.4%	-8.2%	2.7%	-7.9%	-2.7%

	Price Comparison	
	January 31, 2019	January 31, 2018
S&P 500	2,704.10	2,823.81
VIX	16.57	13.54
Oil (WTI Spot Price)	\$53.79	\$64.73
Natural Gas	\$2.81	\$3.00
Gold	\$1,319.70	\$1,339.00
Fed Funds Rate	2.50%	1.50%
Two-Year Treasury	2.46%	2.14%
Ten-Year Treasury	2.63%	2.71%
Thirty-Year Treasury	3.00%	2.93%
EUR/USD	1.14	1.24
USD/JPY	108.89	109.19
USD/DXY	95.58	89.13

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Data Source: Bloomberg

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