

Monthly Market Commentary

We hope that you and your family had a great Memorial Day weekend! Transitioning to the markets, increased volatility continues to manifest in global markets. We are seeing sustained strength in the US dollar, which will have different implications for markets around the world. Emerging markets have seen the most pain as a stronger dollar perpetuates capital outflows, while US domestic oriented companies have shown signs of strength. The synchronized global recovery, started in 2016, is decisively in the rearview mirror as we approach midway through 2018. Divergences in growth continue to build in developed economies. US economic data remains strong but slightly off-peak levels; however, European economic data has been weak and is showing no signs of further acceleration. The slowdown in Europe is starting to expose elevated risks in weaker links of the union, such as Italy. First quarter earnings for the S&P 500 remained strong with 97% of companies reporting aggregate sales growth of 8% and earnings growth of 23.3%. We still see uncertainties around trade policies and some geopolitical risks. As always, we will continue to closely monitor these factors and increase exposure as warranted.

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May Lose Value