CWP PRIVATE WEALTH MANAGEMENT

November 2019

Monthly Market Commentary

Global markets rebounded somewhat in the month of October with a few indexes making new all-time highs and others making lower highs. Optimism on a US-China trade resolution, expectations of an orderly Brexit, and an easier FED were the key drivers of performance in the latest month. Economic data continues to be subdued with the manufacturing side of the economy posting weak data, while consumption is still resilient. Both Durable Goods and Industrial Production growth made lower cycle lows in September, which reflects a soft environment for capital expenditures. On the flip side, housing data continued to improve. Pending home sales hit a new cycle high growing at 4% YoY. The first read on GDP for Q3 2019 was reported at 2% YoY, continuing its slowdown from the cycle peak of 3.2% YoY reported in Q2 2018. To summarize, GDP was expected to see some soft data as we cycled through peak compares of 2018 when growth was stimulated through tax cuts. Earnings season for Q3 2019 is about halfway thru for the S&P 500 with 60% of companies reporting aggregate sales and earnings growth of 3.4% and -0.3% YoY, respectively. This compares to Q2 2019 aggregate sales and earnings growth of 3.6% and 1.7% YoY, respectively. Both sales and earnings growth have slowed materially from the peak of 9.5% and 24.5% in Q2 2018. Our defensive posture over the last year was in reflection of the manifested slowdown in economic data and risks associated with it. As we progress forward, we expect economic data to stabilize over the next few quarters as base effects and compares ease into 2020.