



# Weekly Market Review

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## The Week Ending August 25, 2018

It's official. U.S. stocks are now in the longest bull market in history. Nine-and-a-half years ago, on March 9th, 2009, the S&P 500 fell to a thirteen-year low of 666—the dreaded mark of the beast! At that time, Goldman Sachs put out a research report warning the S&P could fall to 400. However, what has happened since then has been pretty much a straight shot upwards with only a few minor bumps in the road. Today, the S&P 500 has grown over fourfold nearing 2,900. Annualized, that represents about a 16% return. Not bad.



The S&P had a strong week closing up 0.7%. This puts the market at a new all-time high. On the plus side, the year-to-date return is now at 7% which is healthy compared to non-US equities. International developed and emerging markets stand at -2.6% and -9.4% respectively. On the negative side, we're only now regaining the price levels that we were at in January before the correction.

The minutes from the July 31st/August 1st Fed meeting were released last week indicating the Fed is likely to increase the Fed Funds rate at the next meeting in September. Chairman Jerome Powell spoke at Jackson Hole as well last week and reaffirmed the Fed's strategy of raising rates at a gradual pace. He discussed the balancing of risks of tightening too quickly and stifling economic growth on the one hand, and on the other, tightening too slowly and letting the economy overheat with inflation getting out of control. We've seen some increases in inflation to put it at levels near the Fed's target of 2%. However, there is no indication that it will accelerate beyond that mark in the near term.



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