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## **July 2017: Market Review**

Global equity markets were positive in July, as central banks in the U.S. and Europe left their accommodative monetary policies unchanged during the month. The Dow gained 2.68% in July and is now up 12.28% year-to-date. The S&P 500 returned 2.06% and has added 11.59% thus far in 2017. The NASDAQ Composite was up 3.38% in July, bringing its year-to-date return to 17.93%.

In U.S. economic news, the Federal Reserve kept interest rates steady at its July meeting after raising rates in June. A post-meeting statement indicated that the Fed will begin unwinding its \$4.5 trillion balance sheet “relatively soon,” perhaps as early as September. The most recent S&P/Case-Shiller National Home Price Index report showed that on a month-over-month basis, home prices were up 0.98% in May, while on a year-over-year basis, prices were 5.58% higher than a year ago. Among commodities, WTI crude oil closed above \$50 for the first time since late May, ending July at \$50 a barrel, up from June’s closing price of \$46. Gold closed the month at \$1,267 per troy ounce, up from \$1,241 at the end of June.

Growth-style equities resumed their outperformance over value-style equities across all capitalizations in July, reversing June’s tilt toward value. Among large cap stocks, the Russell 1000 Growth Index added 2.66% during the month and has risen 17.02% year-to-date, while the Russell 1000 Value Index gained 1.33% and is up 6.05% year-to-date. For small cap stocks, the Russell 2000 Growth Index added 0.85% and is now up 10.91% in 2017, while the Russell 2000 Value Index gained 0.63% in July and has returned 1.18% year-to-date. The Russell Midcap Index closed the month up 1.47% and has gained 9.58% year-to-date.

International equities also were positive in July. The MSCI EAFE Index was up 2.88% for the month and has returned 17.09% thus far in 2017. European Central Bank President Mario Draghi stated that discussions about the organization’s bond-buying program, which is tentatively slated to end in December, will occur in the fall, citing a need for additional information about the region’s economic outlook. The MSCI Europe Index rose 2.99% and is up 18.80% year-to-date. The MSCI Pacific Index added 2.79%, lifting its gain so far this year to 14.21%. The MSCI Emerging Markets Index gained 5.96% in July and is up 25.49% year-to-date, which leads all major equity benchmarks in 2017. China (+8.89%), India (+7.70%), and Brazil (+10.95%) were particularly strong performers in the EM space in July.

U.S. fixed income was mostly positive in July. The yield on the 10-Year Treasury closed the month at 2.29%, essentially unchanged from June’s close of 2.30%. The Bloomberg Barclays U.S. Aggregate Bond Index added 0.43% and is up 2.71% year-to-date. The Bloomberg Barclays U.S. Treasury Index returned 0.17% in July and has gained 2.04% for the year. The Bloomberg Barclays Treasury 20+ Year Index dipped (0.69%), but has added 4.93% in 2017. The Bloomberg Barclays Corporate High Yield Index was up 1.11% for the month and has gained 6.09% year-to-date.

Equity markets continued their upward trajectory in July, with several market indexes hitting all-time highs during the month. Investors will be watching closely to see how markets react to forthcoming changes in central banks’ policies, ongoing turmoil in Washington, and heightened equity valuations.