

MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / FEBRUARY 2019

February Summary

Shrugging off a dismal end to 2018, global equity markets have surged in the new year. After a sharp rebound in January, stocks and credit-sensitive bonds experienced more muted, but steady gains. Small growth companies and economically-sensitive sectors such as energy and industrials outperformed as investor sentiment recovered. Bond market returns have been positive overall as yields have remained stable or have modestly declined since the beginning of the year. In the U.S., municipal and corporate bonds outperformed. Renewed optimism over U.S./China trade discussions and indications the Federal Reserve would take a more cautious approach to monetary policy buoyed the outlook for global growth and corporate earnings. Corporate profits in the fourth quarter were unexpectedly robust, rising double digits over the prior year.

The U.S. economy moderated in the fourth quarter of 2018, expanding 2.6%. For the year, economic growth surpassed 3%, largely due to healthy consumer spending. Business investment seems to have bounced back, but a large increase in inventories and the effects of the partial government shutdown may dampen first quarter growth. Inflation

data, impacted by softer energy prices and service trade costs, has been mixed. A slowdown in China is impacting its major trading partners, including Germany and Japan. Business confidence in Europe has faltered and outstanding government bonds with a negative yield are once again rising. Recent decisions by the

ECB to tighten monetary policy may have gone too far. Although stock market volatility has fallen back to below average levels, slowing global growth as well as lingering uncertainty over trade disagreements, borrowing costs and political tensions could once again dampen investor enthusiasm.

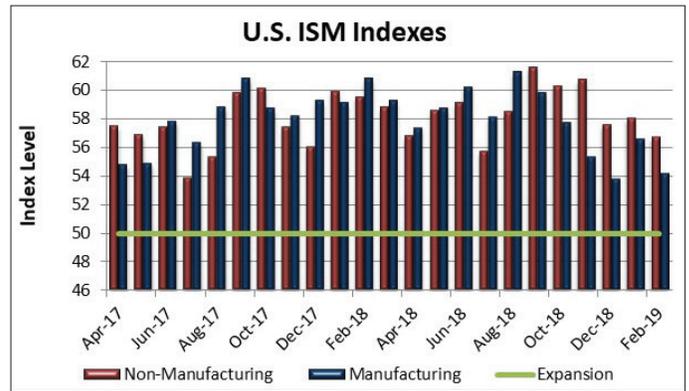
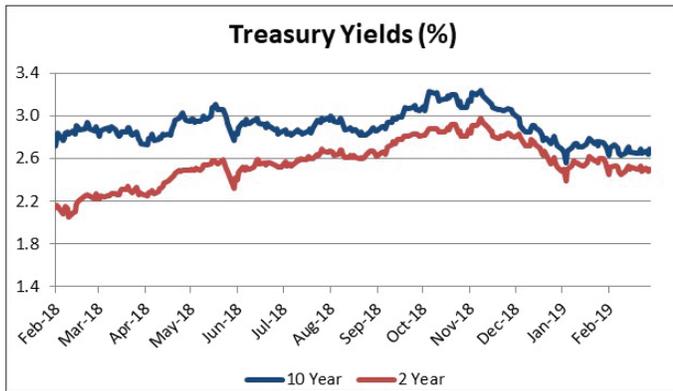
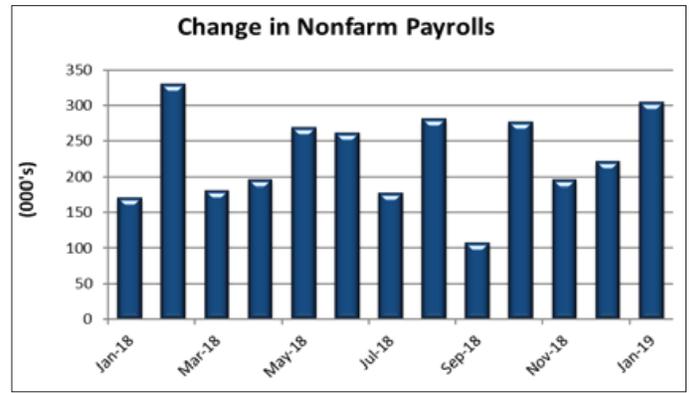
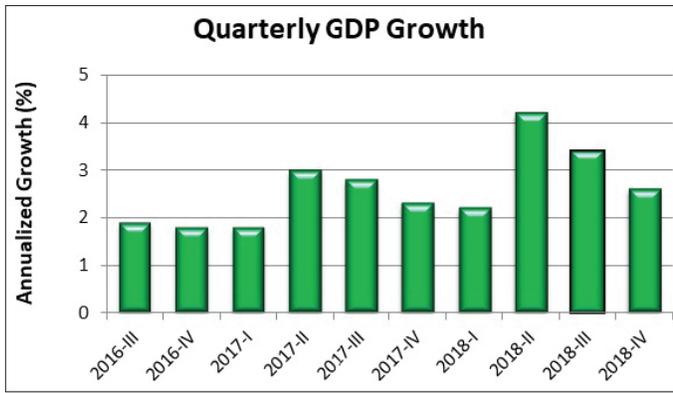
Economic Data

General	Prior	Current
GDP growth	3.4% (Q3 2018)	2.6% (Q4 2018)
Trade balance	-55.7B (Oct)	-49.3B (Nov)
Employment	Prior	Current
Initial jobless claims	217,000 (2/15)	225,000 (2/22)
Continuing claims	1.726MM (2/8)	1.805MM (2/15)
Change in non-farm payrolls	222,000 (Dec)	304,000 (Jan)
Unemployment rate	3.9% (Dec)	4.0% (Jan)
Average weekly hours	34.5 (Dec)	34.5 (Jan)
Consumer	Prior	Current
Consumer confidence index (Conference Board)	121.7 (Jan)	131.4 (Feb)
Retail sales growth	0.1% (Nov)	-1.2% (Dec)
Change in consumer credit	\$22.41B (Nov)	\$16.55B (Dec)
Manufacturing & Service	Prior	Current
ISM manufacturing index	56.6 (Jan)	54.2 (Feb)
ISM non-manufacturing index	56.7 (Jan)	59.7 (Feb)
Durable goods orders growth	0.9% (Nov)	1.2% (Dec)
Industrial production growth	4.1% (Dec)	3.8% (Jan)
Capacity utilization	78.8% (Dec)	78.2% (Jan)
Real Estate	Prior	Current
New home sales	599,000 (Nov)	621,000 (Dec)
Existing home sales	5.000MM (Dec)	4.940MM (Jan)
S&P CoreLogic CS home price index (YoY)	4.58% (Nov)	4.18% (Dec)
Inflation	Prior	Current
Consumer price index/Core (YoY growth)	1.9%/2.2% (Dec)	1.6%/2.1% (Jan)
Producer price index/Core (YoY growth)	2.5%/2.7% (Dec)	2.6%/2.3% (Dec)



CONWAY WEALTH GROUP

Aligning Life & Wealth®



Market Returns

	Feb 2019	YTD 2019
Fixed Income		
BBgBarc Aggregate Bond	-0.1%	1.0%
BBgBarc Municipal Bond	0.5%	1.3%
BBgBarc Gbl Agg. ex. U.S.	-1.0%	0.8%
Alternatives		
Bloomberg Commodity	1.0%	6.5%
DJ U.S. Real Estate	0.8%	12.4%

	Feb 2019	YTD 2019
Domestic Equities		
Wilshire 5000	3.5%	12.4%
3.5%	3.2%	11.5%
12.4%	5.2%	17.0%
International Equities		
MSCI EAFE (Developed)	2.5%	9.3%
MSCI EM (Emerging)	0.2%	9.0%

Disclaimers

This commentary was written by Noreen Johnston, CFA, Director of Research. Source of performance: Morningstar®. Indices are unmanaged and cannot be invested into directly. The investment and market data in this newsletter is not an offer to sell or purchase any security or commodity. Past performance does not guarantee future results. *The Bloomberg Barclays U.S. Aggregate Bond Index* is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U.S. *The Bloomberg Barclays Municipal Bond Index* covers the U.S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. *The Bloomberg Barclays Global Aggregate Ex U.S. Index* measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities. *The Bloomberg Commodity Index* measures the performance of the commodity sector representing an unleveraged, long-only investment in commodity futures that is broadly diversified, and primarily liquidity weighted. *The Dow Jones U.S. Real Estate Index* measures the performance of the real estate sector of the U.S. equity market. It includes companies in the following industries: real estate holding and development and Real Estate Investment Trusts. *The Wilshire 5000 Total Market Index* measures the performance of all U.S. headquartered equities with readily available price data. It is market capitalization-weighted and is designed to track the overall performance of the U.S. stock market. The S&P 500 Index is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and

industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. *The Russell 2000 Index* measures the performance of the small cap segment of the U.S. equity universe. *The Russell 2000 Index* is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. *The MSCI EAFE Index* (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. *The MSCI Emerging Markets Index* is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. Information throughout this Newsletter or any other statement(s) regarding markets or other financial information are obtained from sources which we and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither we nor our information providers shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the reader. Opinions expressed are subject to change without notice and are not intended to be investment advice or a guarantee of future performance. Consult your financial professional before making any investment decision. This material was produced by Summit Financial, LLC, ("Summit"), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services.

03082019-191