SEPTEMBER 30, 2019
ECONOMIC UPDATE

LANDMARK WEALTH MANAGEMENT

FINANCIAL MARKET UPDATE

Markets were mixed in the 3rd quarter, as trade tensions between the US and China continued to weigh on markets, and investors had increasing concerns of slowing global growth. Real Estate led all asset classes, returning 7.4% for the quarter. Fixed Income also saw strong gains with rates falling to historic lows. After rebounding strongly earlier in the year, International Equities gave back some of their gains as uncertainty in trade negotiations led to a more volatile quarter. Year to Date International Equities are still up 12.8%.

As we enter the last few months of 2019, there are a number of factors that continue to move markets. The markets will look to get more clarity on the US and Chinese trade situation in the coming weeks, and will likely see continued policy from the Federal Reserve in an effort to help support growth. US economic growth remains stable, albeit expanding at a slower pace, which is consistent with an economy in the later stages of an expansion. Market opportunities continue to exist, however volatility has and will likely remain elevated.

Asset Class	3rd Quarter	Year-To-Date
Core Bonds	1.4%	6.2%
Multisector Bonds	-0.3%	7.6%
US Large Cap	1.7%	20.6%
US Mid Cap	-0.1%	17.9%
US Small Cap	-0.2%	13.5%
Developed International	-1.1%	12.8%
Emerging Markets	-4.3%	5.9%
Equity Alternatives	0.5%	5.7%
Infrastructure	0.4%	19.9%
Real Estate	7.4%	25.7%
Commodities	-1.8%	3.1%

FEDERAL RESERVE

The Federal Reserve became more accommodative in the 3rd quarter as we saw two 0.25% interest rate cuts coming out of their July and September meetings. Chairman Powell has been consistent with his view that the Fed would act as needed to support continued growth. Analysts are forecasting at least one additional rate cut prior to the end of the year, and this could come as soon as their October meeting. The 10-year government yield currently stands at 1.68%.

EMPLOYMENT

The US economy added 136,000 jobs in September, falling short of projections of 145,000 jobs. On a more positive note, readings from August and July were revised higher and the unemployment rate fell to a 50-year low at 3.5%. Economists will continue to watch the job market closely for signs of slowing economic growth and its impact on hiring.

GROSS DOMESTIC PRODUCT (GDP)

US GDP grew more slowly in the 2nd quarter at 2%, and this slower pace of growth may persist as we head into year-end. Business activity has slowed as uncertainty on the trade front has put many firms in a holding pattern. The ISM Manufacturing index looks at production levels from month to month, and has shown slowing levels recently. However, the US consumer has remained resilient with robust consumer spending supporting US GDP growth.

US growth is expected to moderate further as we head into 2020. A near-term recession remains a lower-probability event, however, there are more headwinds to global growth than earlier in the year.

ON THE HORIZON

- US and Chinese trade officials met in early October to restart their talks. Both sides will look to come to a partial agreement or de-escalation of tensions in the coming weeks
- The UK's Prime Minister Boris Johnson faces an October 31st deadline to reach an agreement on Brexit
- The markets will be closely watching holiday retail sales for continued US consumer strength

We are monitoring the development of these events and their impact on our clients and continue to emphasize investments with a focus on quality in this market environment.