

**INVESTMENT REVIEW**

- ◆ The month of December saw declines across U.S. stocks with the S&P 500 -9.0%, -8.5% for the Dow Jones Industrial Average, and -9.4% on the Nasdaq . Equities saw the largest annual decline during the bull market of the past decade, posting a -4.4% total return on the S&P500 in 2018, while closing the year at 2506. Fears of a continued trade war, a further rise in interest rates, and a slowing global and U.S. economy provided the backdrop for this challenging month.
- ◆ The Price to Earnings multiple on the S&P500 contracted from 20.5X to 16.5X during the 3<sup>rd</sup> quarter, the 14<sup>th</sup> largest decline over the past 92 years. This has happened 20 times during the same time frame; 15 of those periods saw a recuperation during the following year. Three of the years which failed to recover, were during the 1930's following the Great Depression.
- ◆ Early indications show a positive holiday sales season. MasterCard Spending Pulse, which tracks consumer spending tendencies, saw the best growth in purchases over the past six years, growing at 5.1%, and over \$850 billion dollars.

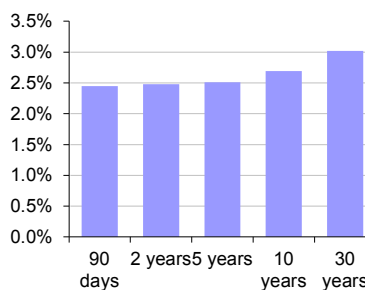
	12/31/2018	12 Month High	12 Month Low	YTD Price Change
Dow Jones Industrial Average	23,327	26,828	21,792	-5.6%
Nasdaq Composite	6,635	8,109	6,192	-3.9%
S & P 500 Stock Index	2,506	2,930	2,351	-6.2%

2018 Operating EPS Estimate	163
P/E on 2018 EPS	15X
2019 Operating EPS Estimate	\$174
P/E on 2018 EPS	16X
Dividend Yield	2.0%

**Yields on U.S. Treasury Obligations**

90 days	2.45%
2 years	2.48%
5 years	2.51%
10 years	2.69%
30 years	3.02%

**U.S. Treasury Yields**



CPI: Trailing 12 Months	2.2%		
Crude Oil: Price Per Barrel	\$45	\$76	\$42
Gold: Price Per Ounce	\$1,282	\$1,358	\$1,174

Source: Bloomberg LLC, FactSet, U.S. Department of Labor

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