

## FROM THE DESK OF OUR INVESTMENT POLICY COMMITTEE:

### 2019: Year in Review

The year 2019 is in the books and it was a wild one. The year began with a government shutdown and ended with articles of impeachment levied against the president. In between, both domestic and global economies showed potential signs of recession, and the trade war between the United States and China heated up. Nevertheless, domestic stock markets climbed almost unabated to record highs.

The return of the S&P 500 was the best calendar year performance since 2013. A year after one of the worst fourth quarters since the Great Recession, markets quickly rebounded after a key reversal by the Federal Reserve on interest rates. The Fed raised rates four times in 2018 and started 2019 expecting to raise rates further. Instead, the Fed actually cut the short-term federal funds rate three times in 2019 and also restarted buying Treasury bonds in the open market.



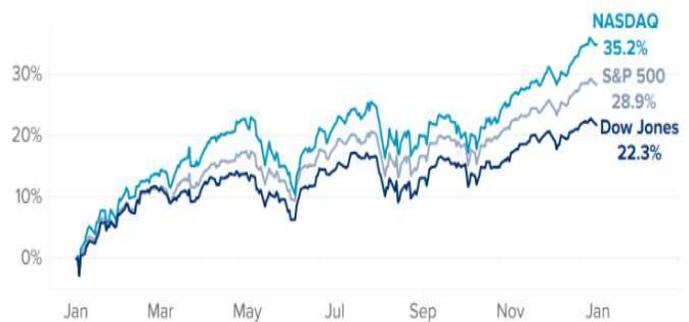
One of the biggest macro events last year was the acceleration of the trade dispute between the world's two largest economies the United States and China. A limited deal was announced just before the holiday shopping season ended, with the U.S. agreeing to forgo new tariffs and China assenting to allow more U.S. agricultural imports. Further negotiations are presumed, but the relationship between the economic giants remains tenuous at best.

Mid-year, U.S. economic growth appeared to be slowing. A few leading economic indicators were pointing toward recession, highlighted by the inversion of the Treasury yield curve. However, the yield inversion was short-lived, and investors saw a steady economy, modest inflationary pressures, and continued job growth, the second half of the year.

All told, the domestic economic expansion continued into its 11th straight year, the longest run in U.S. history. The new year will begin with the impeachment process and end with November's presidential election. What happens in between is anyone's guess. If nothing else, 2020 looks to be an interesting year.

### Stock market performance in 2019

Annual return for the S&P 500, Dow Jones, and NASDAQ



SOURCE: FactSet. Data as of market close on 12/31/2019.



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Raymond is a member of the investment management team at Missouri Trust & Investment Company and advises institutional, retirement plan and individual clients on portfolio management, strategic and tactical asset allocation, and financial planning and wealth management strategies