

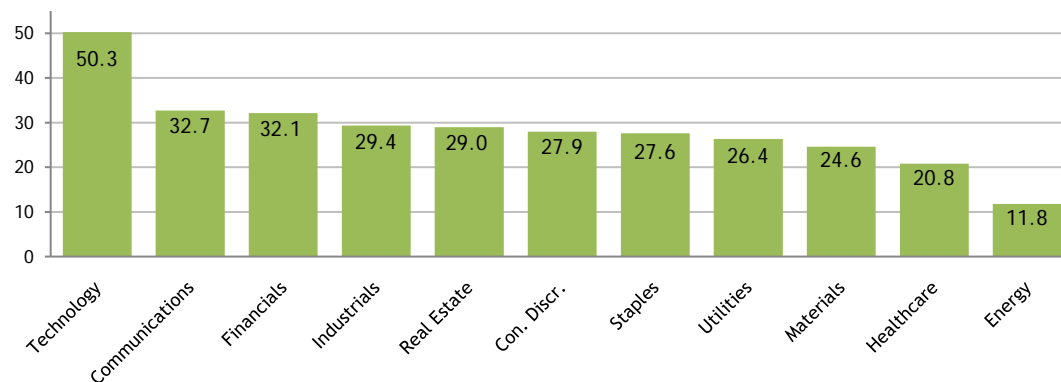
Stocks advanced again in the fourth quarter, helped by reports that the U.S. and China had reached a "phase 1" trade deal. In mid-December, the U.S. confirmed it would not hit China with new tariffs in exchange for pledges of additional ag purchases from China. Equity market volatility was subdued as the market posted gains in 11 of the last 12 weeks of the year. The 31.5% return from the S&P 500 Index for 2019 marked its best annual performance since 2013.

All sectors of the market posted positive returns for the year with technology the best performing sector. Healthcare stocks lagged the market for the year, but were the best performing sector in the 4th quarter. Energy was the worst performing sector for the year.

Small Cap and International stocks again lagged the S&P 500 in 2019. The Russell 2000 Small Cap Index gained 25.5% for the year while the MSCI International Index gained 22.7%.

Treasury yields rose in the 4th quarter, but rates at year-end were well below where they began the year. The 2-year Treasury rate fell from 2.50% to 1.57% during the year while the 10-year Treasury rate dropped from 2.68% to 1.92%. The much publicized yield curve inversion from the summer proved to be short-lived as the curve steepened in the 4th quarter. The Barclays Aggregate Bond Index gained 8.7% for the year.

S&P 500 Index: Sector Returns Percent Year-to-Date



Source: Morningstar

