RockCreek

AFTERNOON | MARKET UPDATE

GLOBAL MARKET SNAPSHOT

Equity Markets:

Global equities tumbled as strong retail data out of the U.S. did little to offset the negative indicators out of China and the Eurozone. Chinese shares tumbled following weaker than expected data out of the industrial and retail segments. Emerging markets held in relatively well, while the U.S. ended up being hardest hit despite stronger than expected retail and industrial production data. On a sector basis in the U.S., health care -3.3% and technology -2.5% were hardest hit, while utilities maintained its leadership position weakening just -0.2% on the day.

Developed	1-Day Return	MTD Return	YTD Return	Emerging	1-Day Return	MTD Return	YTD Return
DJIA	-2.0%	-5.6%	-0.3%	Mexico IPC	-0.5%	-1.0%	14.5%
S&P 500	-1.9%	-5.7%	-0.9%	Bovespa	-0.4%	-2.3%	14.5%
Nasdaq	-2.3%	-5.7%	1.2%	Chile IPSA	0.1%	1.0%	-7.2%
Russell 2000	-1.5%	-7.9%	-7.0%	Colombia IGBC	-0.5%	-0.4%	3.1%
EuroStoxx 50	-0.6%	-2.5%	-8.8%	Warsaw WIG	-0.3%	1.0%	-7.8%
DAX	-0.5%	-3.5%	15.9%	MICEX	-0.5%	-1.0%	18.3%
CAC	-0.9%	-2.9%	-5.9%	JSE Africa	-0.4%	1.9%	10.5%
FTSE 100	-0.5%	-1.9%	-7.3%	Borsa Istanbul	-0.9%	-5.1%	18.4%
FTSE MIB	-0.7%	-1.4%	10.9%				
IBEX	-0.5%	-2.1%	-8.4%	Hang Seng	-1.6%	-1.5%	-9.7%
PSI (Portugal)	-0.4%	-2.2%	-7.3%	Shanghai Comp	-1.5%	0.2%	19.7%
ASE	-0.5%	2.7%	18.0%	KOSPI	-1.2%	-1.3%	15.6%
				Sensex	0.1%	-0.6%	6.9%
Nikkei	-2.0%	-4.4%	-4.4%	Jakarta Comp	-0.1%	1.9%	-0.7%
ASX 300	-1.0%	-1.2%	-2.6%	Thai SET	-0.3%	-1.8%	-5.4%

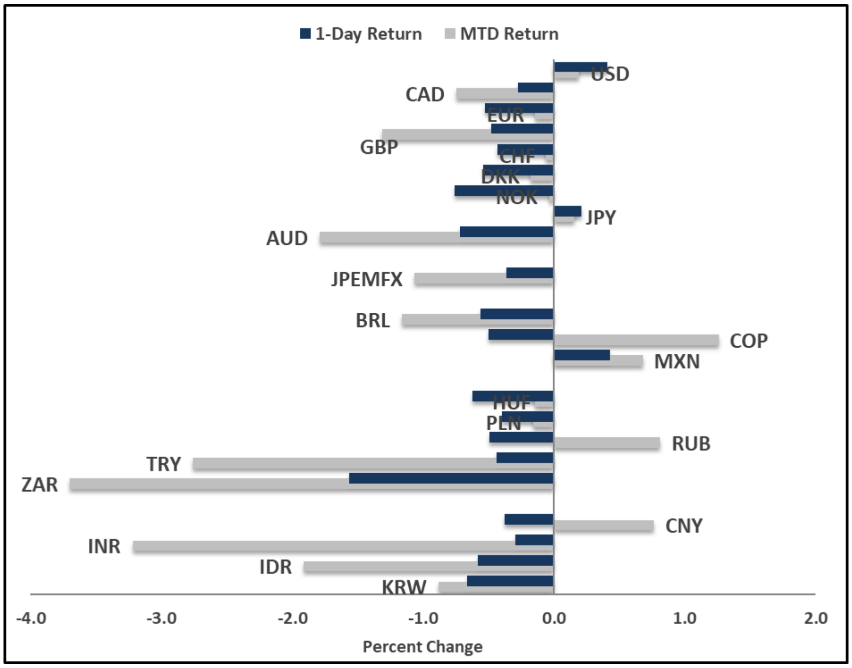
Bond Markets:

Global bonds rallied, particularly the havens, as Japan's 10-year yield was cut in half to 0.03%, Treasuries declined -2bps to 2.89%, and Gilts were -5bps to 1.24%.

Bond	Yield (%)	Δ 1-Day (bps)	Δ MTD (bps)	Δ YTD (bps)
UST 2yr	2.73	-3	-5	85
UST 5yr	2.73	-2	-8	53
UST 10yr	2.89	-2	-10	49
UST 30yr	3.15	-2	-14	41
UK 10 yr	1.24	-5	-12	5
GER 10 yr	0.25	-3	-6	-17
FRF 10yr	0.71	-2	3	-7
ITL 10yr	2.94	-2	-27	93
ESP 10yr	1.41	-1	-9	-15
PTE 10yr	1.66	-1	-16	-25
JPY 10yr	0.03	-3	-6	-2

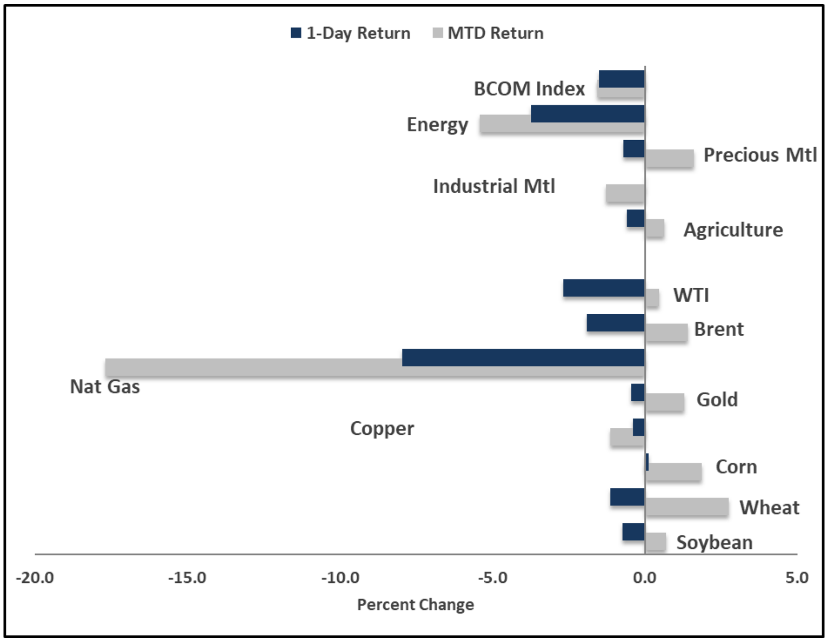
Currency Markets:

The U.S. dollar index gained 0.4%. Reflective of the flight to safety, Japanese yen 0.2% was the only G10 cross to see gains against the greenback. Norwegian krone -0.7% was the laggard in the group as falling oil prices hurt. Mexican peso led among all currencies, strengthening 0.4% on the day and seeing a 1.3% rally intraday, as we head into a weekend where the new president Andres Manuel Lopez Obrador will unveil his 2019 budget proposal when he sends it to congress.



Commodity Markets:

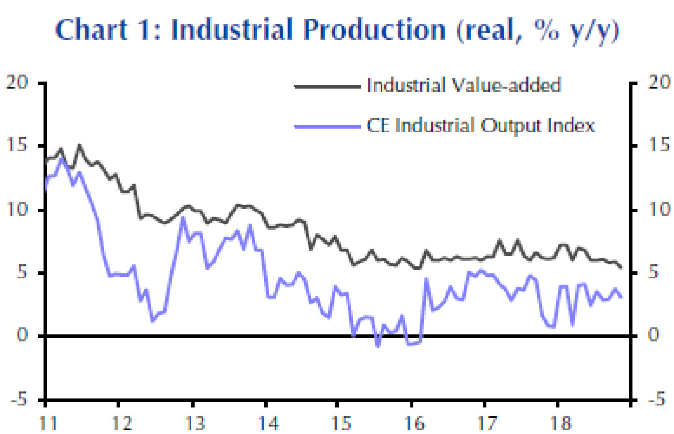
The Bloomberg Commodity Index declined -1.5% as Chinese data weighed on demand expectations. The biggest contributors to the decline were natural gas and WTI that fell -8.2% and -2.6%, respectively. A stronger dollar also served as a headwind with gold weakening -0.4% to $1,242 per ounce.

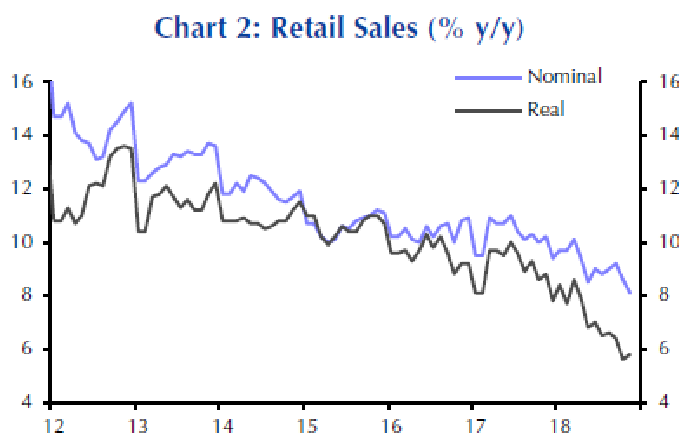


MACRO OVERVIEW

As alluded to above, we received macroeconomic data out of [China](), [Europe](), and the [U.S.]() We also had a surprise interest rate increase from the [Bank of Russia](), as the key rate was increased 25 bps to 7.75% in an effort by the bank to head off inflation that they expect to increase to 5.0-5.5% next year.

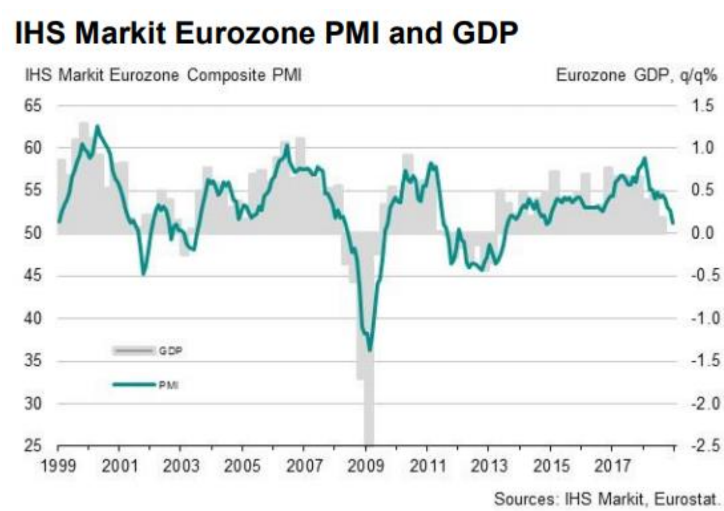
The growth of China's industrial sector fell to 5.4% year-over-year, from 5.9% in October, a 33-month low. Weakness in foreign demand was a key contributor with the industrial sales for export component dropping to 7.6% year-over-year, from 14.7% in the prior period. The growth of service industries was stable at 7.2%. The pace of retail sales also declined, rising 8.1% year-over-year in November, down from the 8.6% annual rate seen the prior month.





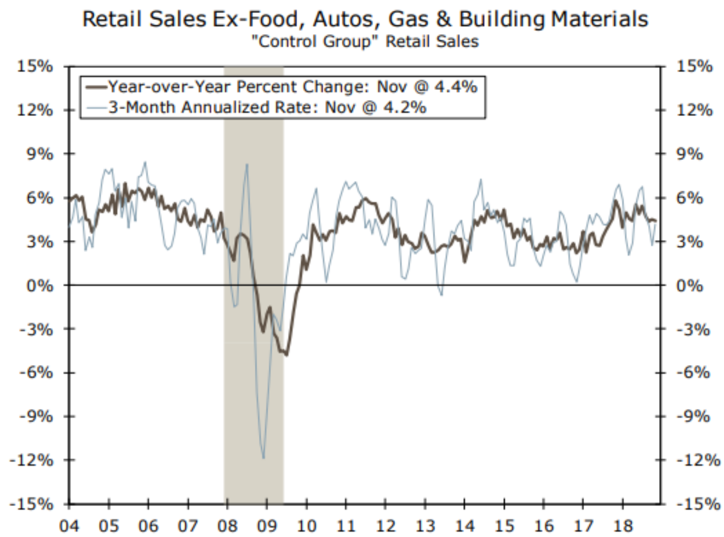
Source: Capital Economics

The Eurozone's Composite PMI for December came in at 51.3, a 49-month low, down from 52.7 in November. The Services PMI was 51.4, also a 49-month low, while the Manufacturing PMI decreased to 51.4, a 34-month low. Both components undershot expectations. According to the release, "New business inflows almost stalled, job creation slipped to a two-year low and business optimism deteriorated. An undercurrent of slowing economic growth was exacerbated by protests in France and on-going weak demand for autos."



U.S. retail sales data was a lone bright spot as control group retail sales grew by 0.9% month-over-month in November versus expectations of a 0.4% increase, while October's reading was revised higher to 0.7%.

The more volatile headline index increased just 0.2% this month as gas station sales saw a decline of -2.3% due to lower fuel prices.



Source: Wells Fargo Securities
