Monthly Investment Commentary

Argent TRUST

December 2018

After a bruising October, most equity markets posted positive returns in what was an up-and-down month. The S&P 500 Index jumped 4.9% the last week of November, its best weekly gain since 2011. The strong close to the month led to a 2% gain for larger-cap U.S. stocks and a 1.7% return for smaller-cap stocks for the full month. During the final week, market participants reacted favorably to two pieces of news: (1) a possible easing of trade tensions between the United States and China and (2) Federal Reserve chair Jerome Powell's statement that the Fed's benchmark rate was "just below the broad range of estimates that would be neutral for the economy." For Fed policy watchers, Powell's statement differed from his comments in early October when he said the Fed was a "long way" from neutral and it struck a dovish tone for some investors. For what it's worth, our view is that the market likely over-reacted to his statement and that it doesn't reflect a meaningful shift in the Fed's intentions.

November Benchmark Returns			
	MTD	QTD	YTD
EQUITY BENCHMARKS			
Vanguard 500 Index	2.0%	-5.0%	5.0%
iShares Russell 1000 ETF	1.9%	-5.3%	4.4%
iShares Russell 1000 Value ETF	2.8%	-2.5%	1.1%
iShares Russell 1000 Growth ETF	0.9%	-8.1%	7.3%
iShares Russell 2000 ETF	1.7%	-9.5%	1.0%
Vanguard REIT	4.7%	1.6%	2.0%
iShares MSCI ACWI ETF	1.6%	-6.0%	-2.1%
Vanguard FTSE Developed Markets ETF	0.5%	-8.1%	-9.6%
Vanguard FTSE Europe ETF	-0.7%	-8.5%	-10.6%
Vanguard FTSE Emerging Markets ETF	4.8%	-3.2%	-11.8%
FIXED-INCOME BENCHMARKS			
Vanguard Total Bond Market Index	0.5%	-0.2%	-1.9%
Vanguard Intermediate-Term Tax-Exempt	1.0%	0.5%	0.1%
iShares TIPS Bond ETF	0.5%	-1.0%	-1.9%
ICE BofA Merrill Lynch U.S. High Yield Cash Pay Index	-0.9%	-2.5%	-0.1%
S&P/LSTA Leveraged Loan Index	-0.9%	-0.9%	3.1%
ALTERNATIVE BENCHMARKS			
HFRX Global Hedge Fund Index	-0.6%	-3.7%	-4.9%
Bloomberg Commodity Index	-0.6%	-2.7%	-4.7%
SG Trend Index	-1.8%	-6.0%	-9.0%
3-Month LIBOR	0.2%	0.4%	1.9%

Overseas equities were mixed in November. Emerging markets fared the best among the main global equity benchmarks with a gain of 4.8%. Developed international stocks were slightly positive with an overall gain of 0.5%; however, European markets lagged with a 0.7% drop. The big overseas news last month was an agreement among EU leaders on the United Kingdom's Brexit withdrawal. This now sets up a vote in December in the U.K. parliament on whether it will back the deal as well. Uncertainty around the ultimate outcome remains very high.

After two months of negative returns, U.S. core bonds gained 0.5% last month. The U.S. Treasury curve continued to flatten in November with short-rates moving up modestly and intermediate- and longer-term rates falling. The closely watched 10-year Treasury rate closed the month at 3.01% after hitting its 2018 high of 3.24% earlier in November. Falling rates in November resulted in positive gains in the U.S. Treasury market. However, corporate borrowing spreads widened during the month, which led to negative returns for most credit investors. High-yield bonds and floating-rate loans both fell 0.9%.

Outside the stock and bond markets, oil suffered its worst one-month percentage loss since October 2008. Brent crude prices fell 22.2% in November on worries about surging global oil supplies and weakening demand. Global oil supplies continue to rise, largely due to continued drilling by U.S. shale producers. Amazingly, the United States has more than doubled its crude oil production over the last decade and recently passed both Saudi Arabia and Russia to become the world's largest crude oil producer.