301-770-9880
www.burtwealth.com

ECONOMY: U.S. Economic Data Remains Strong

Q2 Growth Confirmed

The final reading of Q2 U.S. GDP confirmed the economy grew at 4.2%. This was the fastest pace of growth since Q3 2014, and was led by strong consumer spending, exports and federal and state government spending. Estimates from the Federal Reserve for Q3 are currently running at 4.1%.

How Low Can We Go?

Job creation for September disappointed, but the unemployment rate dropped to 50 year low according to the Labor Department. Nonfarm payrolls rose just 134,000, well below economists' estimates of 185,000 and the worst performance since last September. The unemployment rate, however, fell from 3.9% to 3.7%, the lowest level since December 1969.

Weakness In Housing

Housing continues to be the one weak spot in the U.S. economy. Existing home sales declined in August, down 1.5% year over year, while new home sales rebounded after two straight months of declines amidst a weakening underlying trend. The S&P CoreLogic Case Shiller National Index shows that while home prices are still rising, the pace of gains continues to slow. Rising mortgage rates and affordability may be beginning to impact the market.

Confidence Near All Time Highs

The Conference Board ***Consumer Confidence Index***® increased in September, following a large improvement in August. *"After a considerable improvement in August, Consumer Confidence increased further in September and hovers at an 18-year high. The September reading is not far from the all-time high of 144.7 reached in 2000. Consumers' assessment of current conditions remains extremely favorable, bolstered by a strong economy and robust job growth. The Expectations Index surged in September, suggesting solid economic growth exceeding 3.0 percent for the remainder of the year. These historically high confidence levels should continue to support healthy consumer spending, and should be welcome news for retailers as they begin gearing up for the holiday season."*

No Action By The ECB

The European Central Bank (ECB) kept policy unchanged in September, staying on track to end bond purchases this year and raise interest rates next year. ECB President Mario Draghi's commented that inflation is expected to pick up towards the end of the year, while growth remains broadly balanced. He also noted that uncertainties related to protectionism and emerging market weakness have added to market volatility.

Leaning Economy of Italy

Italy's budget concerns continue to plague European markets. Lawmakers are set to vote on a draft budget that will increase the countries deficit to 2.4% of GDP next year, in breach of European Union (EU) spending rules. However, a ratings downgrade and market pressures have increased the country's borrowing costs to four-year highs. Italy's finance minister has argued that additional spending was needed to help stimulate economic growth.

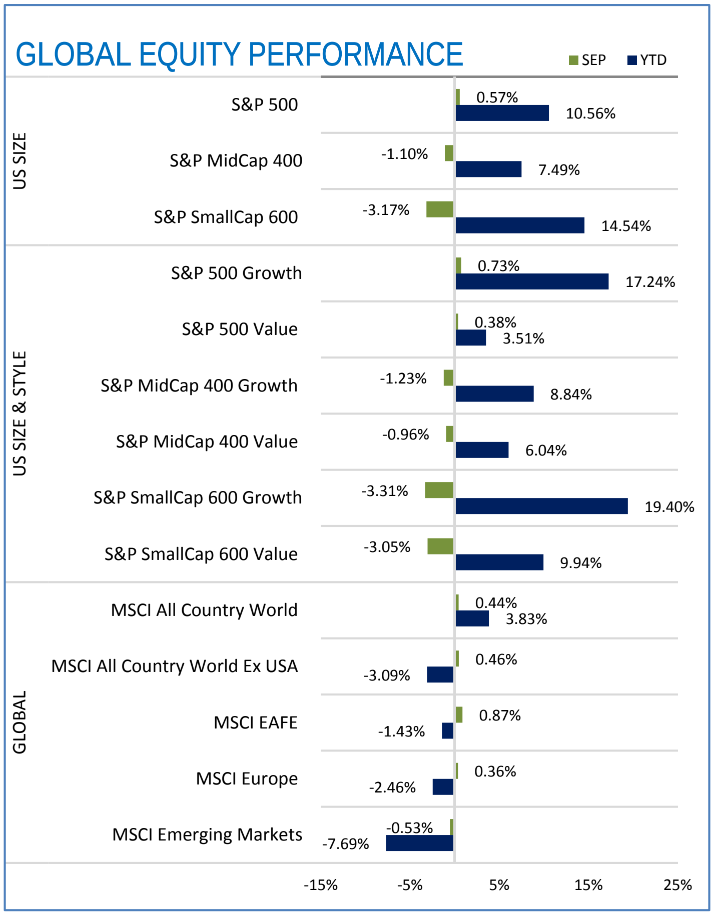
Sentiment Falls In Japan

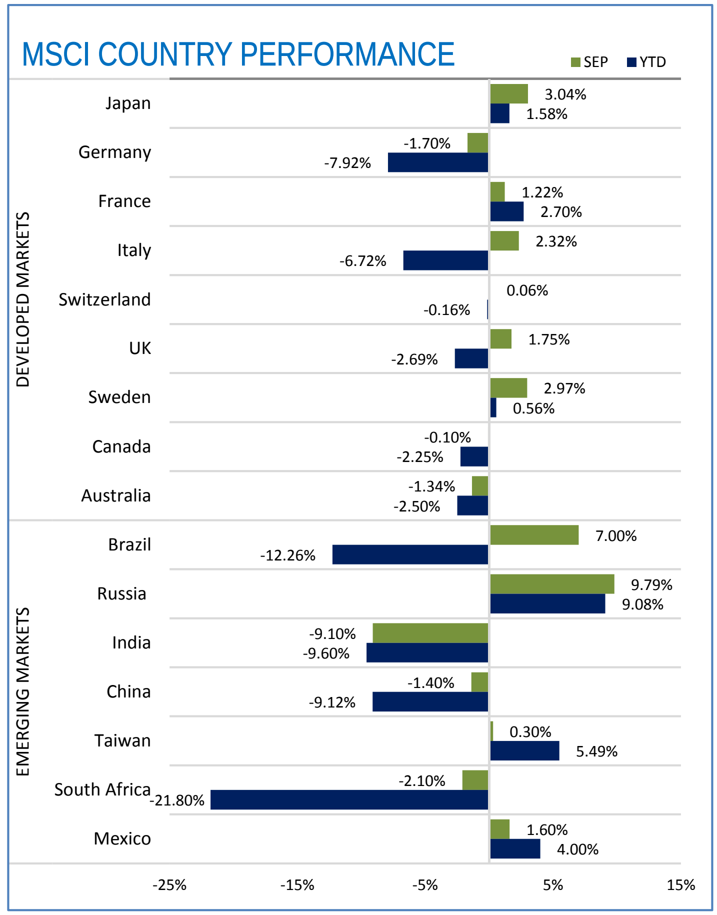
A key quarterly economic survey by the Bank of Japan, The Tankan Survey, showed sentiment among large manufacturers fell as concerns grow about global trade tensions. This marked the third straight quarterly decline for the survey, and while optimists still outnumber pessimists, the gap is closing. Japan's growth is dependent on exports and any slowdown or uncertainty related to trade will continue to impact sentiment.

EM Rate Moves

Turkey increased its interest rate to 24% from 17.75%, defying President Recep Tayyip Erdogan's demand to cut them, as the country attempts to address internal economic issues and a declining market. Russia's central bank surprised most as it also raised its interest rate to 7.50% from 7.25% after a series of cuts. While Russian interest rates were as high as 17% as recently as 2014, the country's central bank is attempting to defend its currency and address concerns over potential U.S. sanctions.

GLOBAL EQUITIES: A Mixed Month For Global Equities





S&P Bucks The September Trend

The U.S. equity market continued its record-setting run in September, as the S&P 500 gained 0.57% for the month. The market gained in 10 of 13 weeks in Q3 and was able to eke out a small gain in September, despite being a month that the market traditionally declines. Volatility abated in September as the VIX Index fell roughly 9%, and there was not a single +/-1% move for the S&P 500 over the month's 19 trading days. While large cap equities generated small gains, lower market cap equities did not fare as well. The S&P Mid Cap 400 lost 1.10% in September while the S&P Small Cap 600 declined 3.17%. This marked the worst month for small cap equties since the February correction when they declined 3.97%.

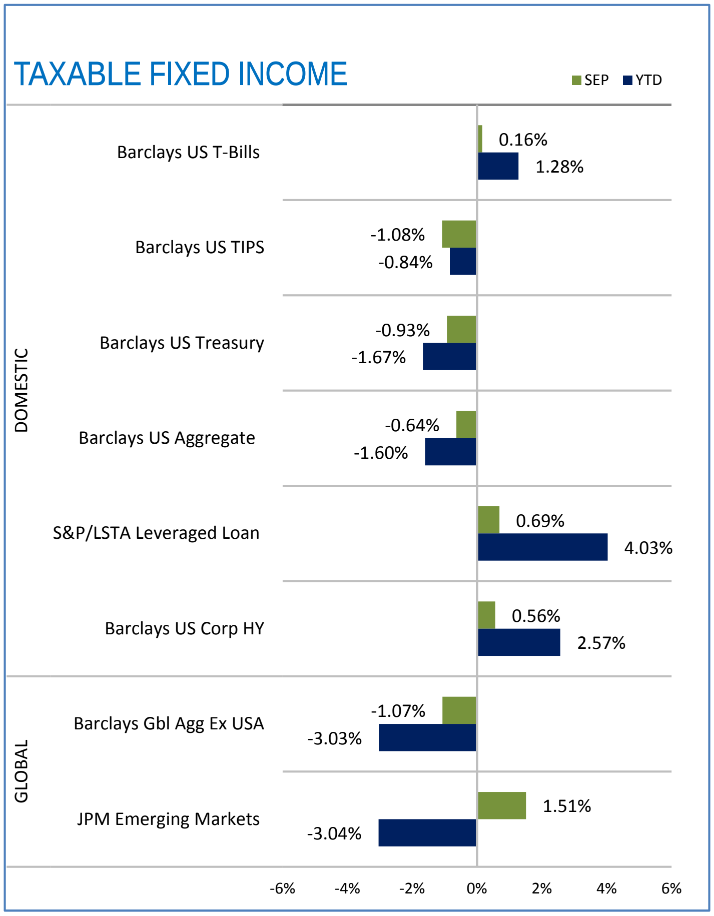
Choppy Month For Europe

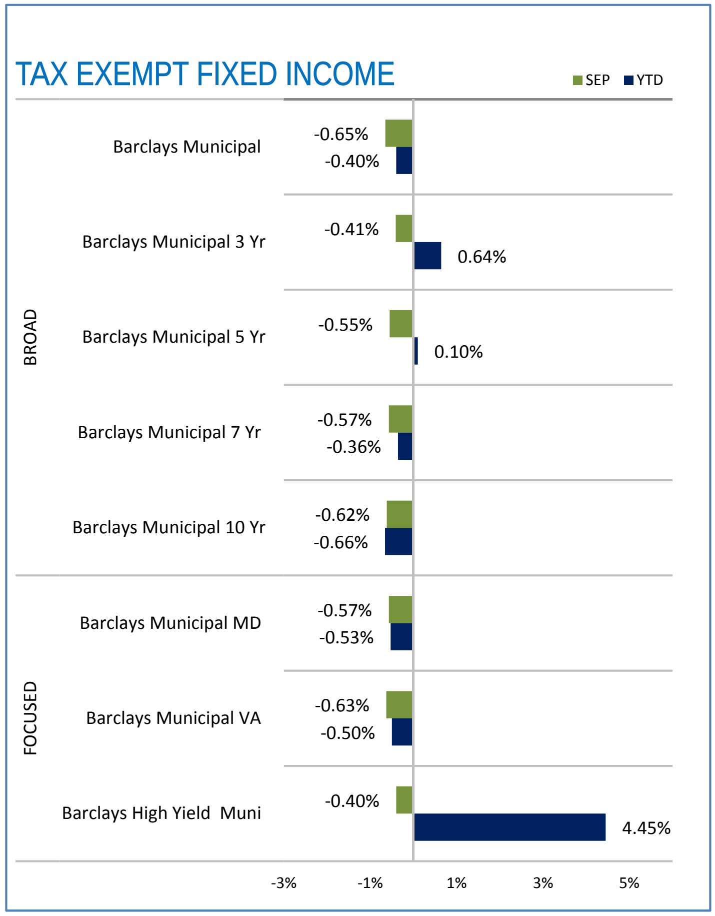
European equities were broadly flat during September as the MSCI Europe Index gained 0.36%. It was a choppy month that saw strong gains for the first several weeks of the month, followed by sharp declines to end the month. Trade war rhetoric and Italian budget concerns continued to weigh on investor sentiment in the region.

A Better Month For EM

Calmer conditions returned to emerging equity markets during September following a 2.70% decline in August. The MSCI Emerging Markets index declined 0.53% in September with regional performance being mixed. Latin America and EMEA (Europe, Middle East & Africa) generated gains, highlighted by a 20.60% gain in Turkey and a 7% gain in Brazil. Asia was dragged lower by weakness in India and losses in China due to the escalating trade war with the U.S.

FIXED INCOME: Treasury Yields Continue To Move Higher





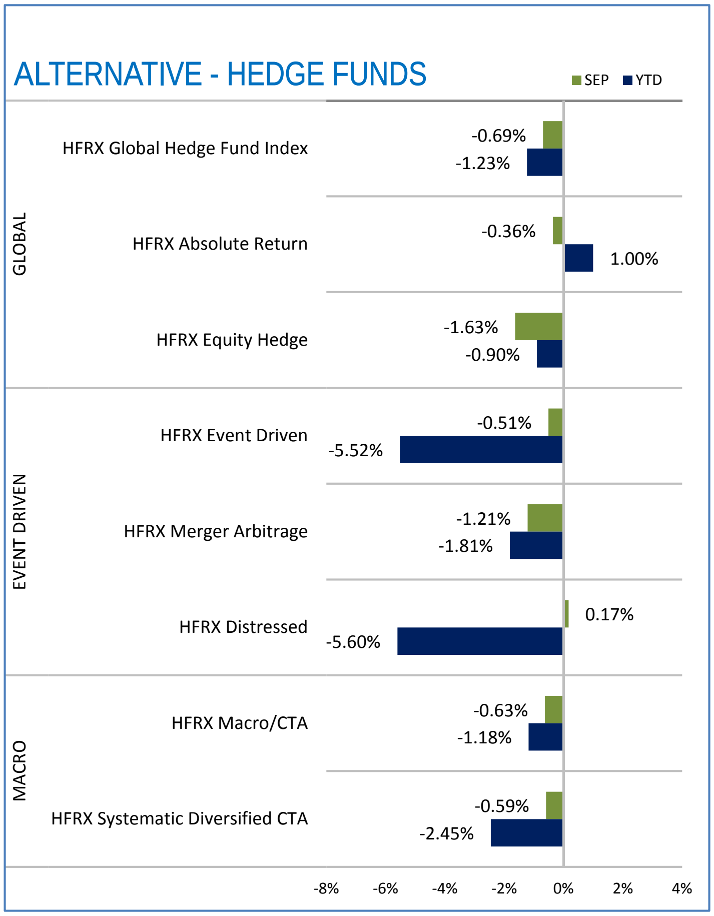
TREASURY YIELDS CONTINUE TO MOVE HIGHER

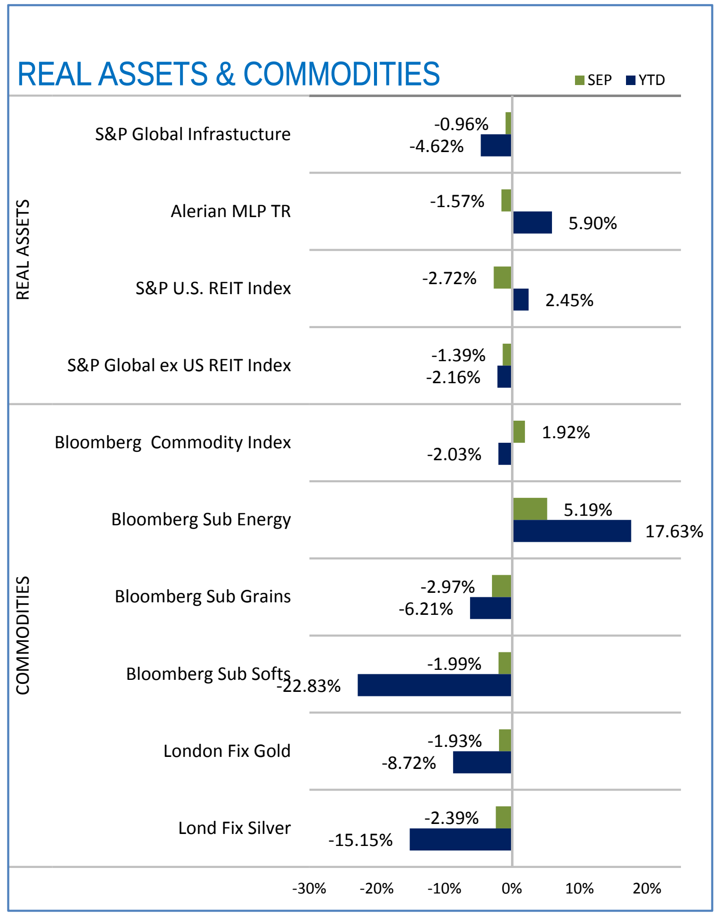
Treasury yields generally rose in September. The yield on the 10-year U.S Treasury gained 0.20% for the month and has gained 0.65% YTD as strong economic growth has continued, despite the uncertainties around global trade. The Federal Reserve increased the fed funds target range by 0.25% to 2.00-2.25% at its September meeting and the Treasury curve flattened further during the quarter. Higher Treasury rates translated into negative returns across investment-grade bond sectors in September, with the Barclays U.S. Aggregate Bond Index falling 0.64%. Credit sectors again outperformed with bank loans gaining 0.69% and high yield corporates gaining 0.56%.

TURKISH HIKE HELPS EM BONDS

Currency concerns and slowing global growth pushed emerging markets bonds down 1.73% in August. In September, Turkey's central bank hiked rates to defend its falling currency which helped ease contagion fears amongst investors. The JPM Emerging Markets Bond Index rebounded 1.51% and was the best performing bond sector in September.

ALTERNATIVES: Energy Gains Lead Commodities Higher





Hedge Funds Struggle

Hedge funds posted mixed performance for September, with the HFRX Global Hedge Fund Index declining 0.69%. HFRX Relative Value Arbitrage Index posted a gain of 0.13% for September from gains in Convertible Arbitrage and Fixed Income strategies. The HFRX Event Driven Index declined 0.51% for September with gains from Distressed strategies offset by declines in Special Situations and Merger Arbitrage strategies. HFRX Equity Hedge Index posted a decline of 1.63% for September from declines in Fundamental and Market Neutral strategies.

Commodities Rely On Energy

The Bloomberg Commodity Index gained 1.92% in September due primarily to the strong performance of the energy subsector. Energy has been the sole contributor to broad commodity index in 2018, gaining 5.19% in September and 17.63% YTD. Agriculture, pressured by trade tensions and the strong U.S. dollar, has lost 10.92% YTD. The strong dollar has also pressured precious and industrial metals, down 10.66% and 11.82% YTD respectively. Livestock, while making up only about 5% of the index, appeared to get a boost from Hurricane Florence, and is now down only 2.38% YTD

DISCLOSURES: Past performance may not be indicative of future results It should not be assumed any recommendations made in the future will be profitable or equal past performance. Any returns listed above are not meant to represent any specific client's or portfolio's actual experienced returns. For additional disclosures and important information please visit the following link - http://www.burtwealth.com/disclosure .