

Brinker Capital Market Barometer

The weight of the evidence remains moderately positive, in line with our neutral to slight overweight overall risk positioning in portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum			●		Improvement in new highs
Trend	→		●		S&P 500 Index breakout from recent range
Investor sentiment				●	Sentiment surveys show pessimism; equity fund flows negative
Seasonality		●			Seasonality remains a headwind until mid-October

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy	←		●		Fiscal stimulus potentially dwarfed by tariffs in 2020
Monetary policy				●	Expect additional Fed rate cuts; global central banks accommodative
Inflation				●	Global inflation low; US wage growth has increased
Interest rate environment			●		Significant amounts of debt trading at negative rates; curve inversion
Macroeconomic			●		Global growth slowdown but still positive; US/China trade war concerns
Business sentiment			●		Small biz confidence improved; CEO confidence moderately pessimistic
Consumer sentiment				●	Measures have ticked down but remain at elevated levels
Corporate earnings	←		●		US earnings growth slow but positive; weaker ex-US
Credit environment				●	Credit spreads have remained in check despite equity market volatility

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation			●		US equity valuations at long-term averages; more attractive ex-US
Business cycle				●	Long recovery but has been muted; increasing fears of US recession
Demographics			●		Mixed (US and emerging markets positive; developed int'l negative)

SUMMARY

Within the **short-term factors**, we've seen improvement in both market momentum and trend, with trend shifting from a negative back to a neutral as the S&P 500 Index has broken out of its recent range. Investor sentiment, a contrarian indicator, remains supportive of the equity markets as investor surveys remain pessimistic and equity funds and ETFs continue to experience outflows.

The **intermediate-term factors** remain neutral to positive overall; however, we saw two factors shift from positive to neutral in September. Fiscal policy has shifted to neutral. While we would expect an increase in government spending in an election year, the impact of the proposed tariffs would dwarf any fiscal stimulus in 2020. Corporate earnings also moved from positive to neutral. So far in 2019, US corporate earnings have been better than expected; however, we see signs of softening as the escalating trade tensions with China have offset the positive impact from the 2017 tax cuts. Earnings growth outside of the US has also been weaker.

There were no changes to our evaluation of the **long-term factors**. While the duration of the economic recovery has been the longest in history and recession fears have increased more recently, it has not yet shown up in the data.

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Source: Brinker Capital. Information is accurate as of September 10, 2019. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Brinker Capital Inc., a registered investment advisor. BAROMETER