



Trust Division

Pratt and Smith Center, Kansas

Smith Center Office:

Barbara Timmons, Senior Trust Officer
 Joni Wolters, Trust Officer
 John Terrill, Trust Officer
 David Mace, CFP®, Trust Officer
 Mark McClain, Trust Officer
 Amber Conaway, Assistant Trust Officer
 Stephanie Hommon, Assistant Trust Officer

Pratt Office:

Ernie Richardson, Trust Officer
 Eric Bronson, Trust Officer

INVESTMENT COMMITTEE MARKET COMMENTS

August 2019

STOCK MARKET INDEX DATA	Current Index	MTD Return	YTD Return	2018 Return
as of July 31, 2019				
Dow Jones Industrials Average	26,864.27	0.99%	15.16%	-5.63%
S&P 500	2,980.38	1.31%	18.89%	-6.24%
Nasdaq	8,175.42	2.11%	23.21%	-3.88%

STOCK MARKET UPDATE

Last week, stocks suffered their worst week thus far in 2019 as investor sentiment was dealt twin blows by disappointing signals from the Federal Reserve and the announcement of new tariffs on imports from China. Most of the market's declines came late in the week as both trading volumes and volatility spiked, with the Cboe Volatility Index (VIX) hitting its highest level since May. The technology-heavy Nasdaq Composite Index fell the most, but the small-cap Russell 2000 Index stood out for being pushed back into correction territory, or more than 10% below its August 2018 closing high.

Bond Types	3 Mo	6 Mo	2 Year	5 Year	10 Year	30 Year
U.S. Treasury	2.03%	1.92%	1.59%	1.51%	1.68%	2.20%
Agency/GSE	2.05%	1.96%	2.11%	2.14%	2.95%	
Corporate (Aaa/AAA)	1.98%	1.88%	1.89%	1.65%	2.19%	3.26%
Corporate (Aa/AA)	2.32%	2.13%	1.98%	2.04%	2.67%	3.99%
Municipal (Aaa/AAA)	1.30%	1.26%	1.15%	1.35%	2.09%	2.75%
Municipal (Aa/AA)	1.49%	1.37%	1.30%	1.52%	2.31%	3.10%
Taxable Municipal	2.00%	2.13%	2.19%	2.32%	3.25%	3.72%

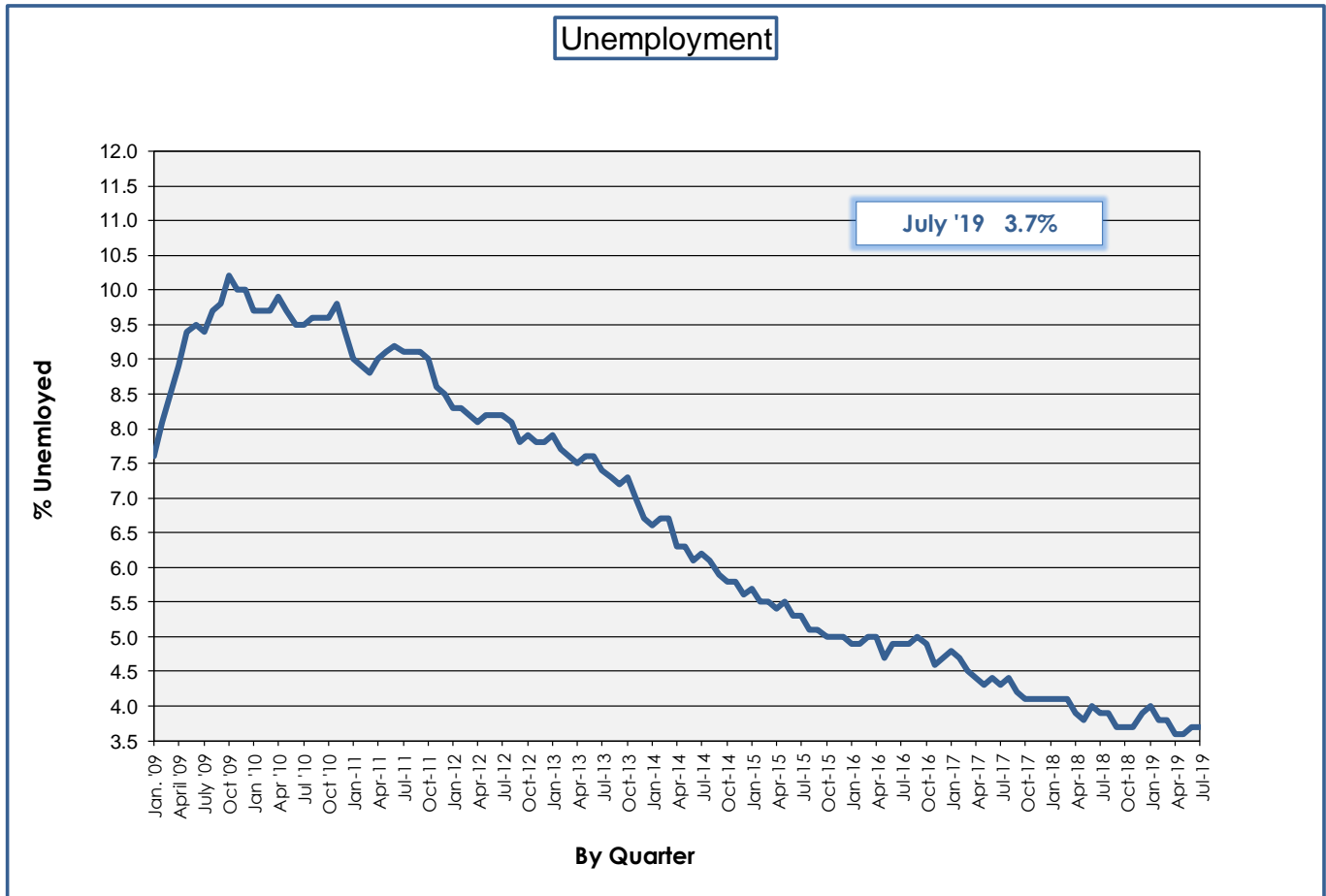
FIXED INCOME MARKET UPDATE

Investors spent much of last week anticipating the conclusion of the Federal Reserve's policy meeting on Wednesday afternoon. As had been widely expected, the Fed announced a quarter-point cut in the federal funds target rate, which now ranges from 2.00% to 2.25%. The Fed also announced that it would

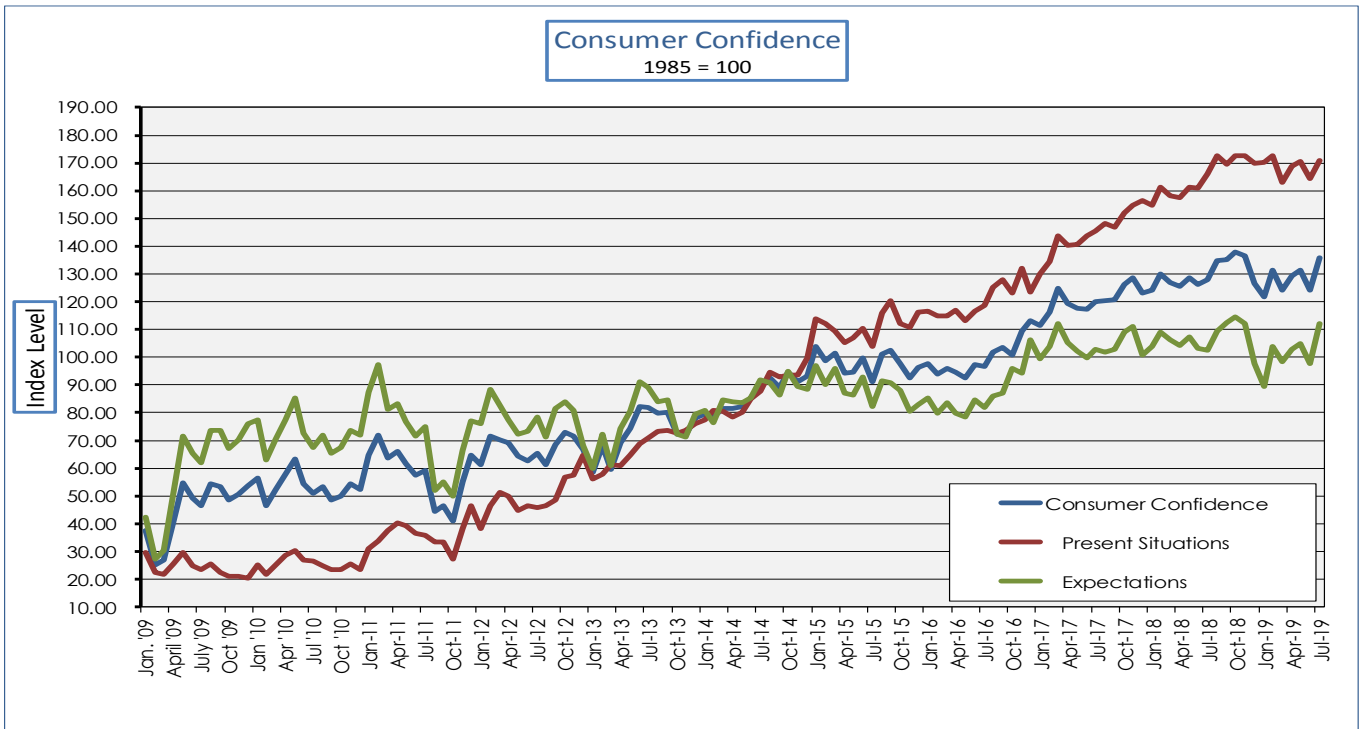
remove some upward pressure on longer-term interest rates by immediately beginning to reinvest all the coupon payments on its massive holdings of long-term government bonds.

ECONOMIC UPDATE

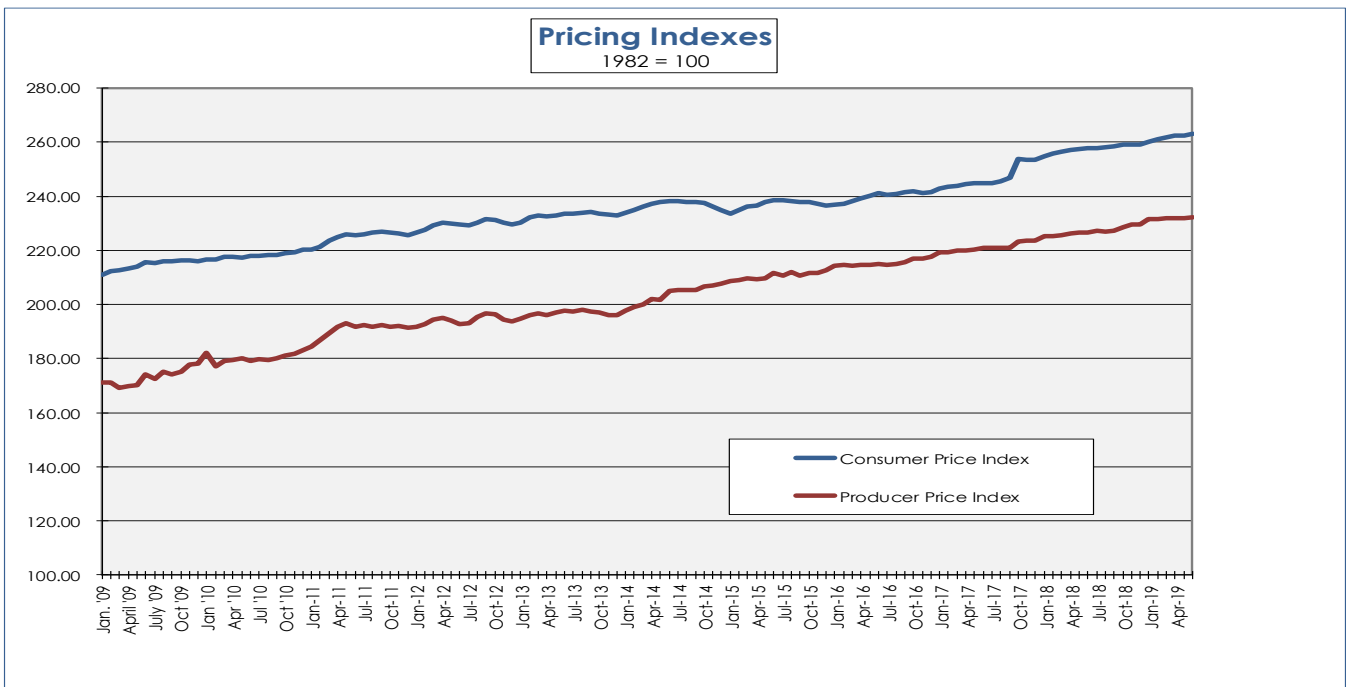
Perspective matters when assessing the economy. Right now the focus is on manufacturing which, by traditional default, is considered a bellwether for the economy at large. But the economy at large is very large, the other 90 percent of total activity where growth rates are mixed with slowing in Asia and especially Europe but growth holding very positive in the US especially for consumer spending. If policy makers get this right and more monetary accommodation offsets constriction underway in trade, manufacturing will begin to improve without the non-manufacturing balance of the economy barely even noticing.



Jobless Claims - In the week ending July 27, the advance figure for seasonally adjusted initial claims was 215,000, an increase of 8,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 206,000 to 207,000. The 4-week moving average was 211,500, a decrease of 1,750 from the previous week's revised average. The previous week's average was revised up by 250 from 213,000 to 213,250. Total nonfarm payroll employment rose by 164,000 in July, and the **unemployment rate** was unchanged at 3.7 percent. Notable job gains occurred in professional and technical services, health care, social assistance, and financial activities.



The **Conference Board Consumer Confidence Index**® rebounded in July, following a decrease in June. The Index now stands at 135.7 (1985=100), up from 124.3 in June. The Present Situation Index – based on consumers' assessment of current business and labor market conditions – increased from 164.3 to 170.9. The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – increased from 97.6 last month to 112.2 this month.



In June, the **Consumer Price Index** for All Urban Consumers increased 0.1 percent, seasonally adjusted; rising 1.6 percent over the year, not seasonally adjusted. The index for all items less food and energy rose 0.3 percent in June (SA); up 2.1 percent over the year (NSA). The **Producer Price Index** for final demand advanced 0.1 percent in June, as prices for final demand services increased 0.4 percent, and the index for final demand goods fell 0.4 percent. The final demand index rose 1.7 percent for the 12 months ended in June.