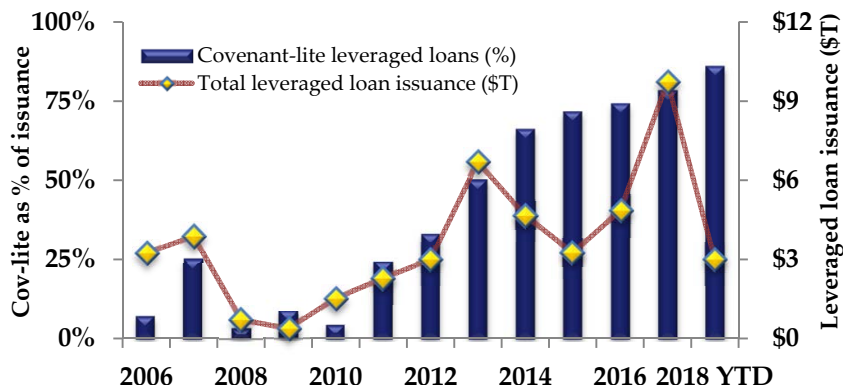




# Market Update / June 2018

- **Covenant Lite Leveraged Loan Issuance is at an all-time high.**
- **Companies are taking on record amounts of debt as investors have an insatiable demand for floating rate instruments, specifically CLO managers.**



*The combination of rising interest rates and a lack of meaningful covenants could spell trouble for the corporate credit market. However, due to the 5 to 7-year tenor of the loans and the lack of covenants on which to default, defaults are expected to remain low. It is likely to change when a company can no longer roll its debt or repay it and ultimately defaults through lack of debt service.*

	Index Data as of June 30, 2018							
	Month	QTD	YTD	1 - Year	3 - Year	5 - Year	10 - Year	
S&P 500	0.6%	3.4%	2.6%	14.4%	11.9%	13.4%	10.2%	
Dow Jones	-0.5%	1.3%	-0.7%	16.3%	14.1%	12.9%	10.8%	
NASDAQ	1.0%	6.6%	9.4%	23.6%	15.9%	18.5%	13.9%	
Russell 2000	0.7%	7.8%	7.7%	17.6%	11.0%	12.5%	10.6%	
MSCI EAFE	-1.2%	-1.2%	-2.7%	6.8%	4.9%	6.4%	2.8%	
MSCI ACWI ex US	-1.9%	-2.6%	-3.8%	7.3%	5.1%	6.0%	2.5%	
MSCI ACWI	-0.5%	0.5%	-0.4%	10.7%	8.2%	9.4%	5.8%	
MSCI Emerging Mkts	-4.2%	-8.0%	-6.7%	8.2%	5.6%	5.0%	2.3%	
B.B. Agg	-0.1%	-0.2%	-1.6%	-0.4%	1.7%	2.3%	3.7%	
B.B. Global Agg	-0.4%	-2.8%	-1.5%	1.4%	2.6%	1.5%	2.6%	
B.B. EM Agg	-0.7%	-2.4%	-3.8%	-1.0%	4.0%	4.5%	6.6%	
Blm. Commodities	-3.5%	0.4%	0.0%	7.3%	-4.5%	-6.4%	-9.0%	

	Price Comparison	
	June 30, 2018	June 30, 2017
S&P 500	2,718.37	2,423.41
VIX	16.09	11.18
Oil (WTI Spot Price)	\$74.15	\$46.04
Natural Gas	\$2.92	\$3.04
Gold	\$1,254.50	\$1,242.30
Fed Funds Rate	2.00%	1.25%
Two-Year Treasury	2.53%	1.38%
Ten-Year Treasury	2.86%	2.30%
Thirty-Year Treasury	2.99%	2.83%
EUR/USD	1.17	1.14
USD/JPY	110.76	112.39
USD/DXY	94.47	95.63

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Data Source: Bloomberg, Morgan Markets

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