# Trade Talk Leads to a Bottle Shock Market?

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**Key takeaways:**

- Global equities were tweeted into a tailspin, posting their first monthly loss of 2019, with 70% of stocks now trading below their 50-day moving average
- "Sell in May" was in play; equity ETFs had over $19 billion of outflows, the most for monthly outflows *ever*
- Sectors were hit hard with over $8 billion of outflows, their sixth month of net outflows out of the last eight
- Bond flows were positive, but the rotation out of credit sectors dragged the net total 22% below the 3-year monthly average

Bottle shock is a wine term. No, it's not the shock one gets when looking at the price of a 1992 Screaming Eagle Cabernet.[i] The term describes a temporary condition characterized by muted or disjointed fruit flavors that sometimes present a cloudy display. This can occur when you uncork a newly bottled wine or with a wine that's been shipped a long distance. The idea is that after being handled roughly, wine sometimes needs time to settle before being opened. With time, another bottle of the same wine could be perfectly fine to drink, and even go on to win awards.[ii]

The May 6th Trump trade-related tweets[iii] reimposing tariffs on Chinese imports roughed up global equity markets, puncturing the equilibrium that the year-to-date rally had been bottled in. Global equities fell by over 6%, posting their worst May return since stocks were held at the mercy of the European Sovereign Debt Crisis back in May 2012.

This current geopolitically induced negative sentiment has pushed 70% of global stocks to now trade below their 50-day moving average, as opposed to only 30% at the start of the month – an indication of waning short-term momentum. This selloff has been felt broadly as well. Every global sector has more than 50% of its stocks trading below the same short-term average.

So, will this merely be a bottle shock scenario where the market gets roughed up, but eventually the sentiment (or in the case of wine, sediment) settles as calmer heads prevail? Or is the 2019 market rally vintage really just sour grapes?

The answer can be the difference between a fine Bordeaux and wine from a box.

It's bottle shock. The volatility regime has changed. Risk levels will likely continue to spike briefly and then quickly subside. It's now a market featuring episodic microbursts of volatility – idiosyncratic short-term clusters that sneak up on you like a 99 point wine[iv] at the liquor store – unexpected and hard to predict. It is why the VIX Index is trading in the top 86th percentile over the last three years but still remains 5% below long-term averages.

These bottle shock moments have become more common due to slowing corporate profits, mundane economic growth and unconstructive broad-based valuations that cannot backstop the macro and geopolitical forces acting as the noble rot to the crops of "rally grapes." That is, until a new equilibrium is met and expectations are reset.

So how will this bottle shock of volatility settle down? The current political environment is unlikely to change. In fact, gridlock is now commonly sprouting up on the vineyards beyond the US due to recent Brexit developments and renewed concerns of a "Quitaly" after the Italian government put plans in motion to launch a parallel currency.[v] Global central banks may not provide a respite either, as they already preach ultra-accommodative policies. A Federal Reserve rate cut is also unlikely, given that the economy is in a "good place"[vi] and that labor markets remain robust and consumer confidence has reached all-time highs.

Look for things to settle down for the same reasons tension started in the first place: Trade. A trade deal that fulfills President Trump's campaign promise and stems current concerns of trade-induced fading growth and falling markets will provide him momentum ahead of the 2020 election. Further, Trump likes to showcase a strong economy, evidenced by 25 supportive tweets in the past month.[vii] He also likes to tout a strong stock market, evidenced by 13 tweets referencing the all-time highs since he was elected.[viii] The administration will want to trumpet both heading into what will likely be the most contentious election cycle in memory. For that reason, look for this market's bottle shock to be temporary, just like it is for wine.

This doesn't mean we won't have another bottle shock moment farther down the road. The volatility regime has definitively changed to be more episodic and we still have a secular decline in growth and fading corporate profit margins juxtaposed against valuations that are above long-term averages.[ix] To capture potential upside while mitigating the shocks in this type of market, target quality stocks but don't overpay – just like that 97 point wine that costs just $13.99.

## Equities Are Red… Red, Red Wine

As a result of the trade-induced market drawdown, equity ETFs posted their most outflows for a given month ever, totaling over $19.9 billion and barely surpassing the previous record of $19.7 billion set in January 2014, when global equities fell 4% in the last week of the month over concerns of a hard landing in China and softening corporate profits in the US.

Outflows in May are not that uncommon, however. Over the last 10 years, equities have had outflows in the month of May 45% of the time – the third-highest percentage for a given month. Perhaps that historical trend and this month's flows suggest that the "Sell in May and Go Away" theory has been put into action quite regularly by ETF investors. In fact, the Sell in May, a strategy where investors sell stocks at the start of May and buy again in the fall (October has inflows 90% of the time, FYI) has been empirically tested and found to be statistically significant.[x]

While there may be some connection to this seasonality theory, investors typically do not follow through on the "go away" part, as equity ETFs have had inflows 80% of the time in June. If deals are worked out and trade tensions begin to soften, sentiment could be reset. If that happens, it would not be surprising to see the historical pattern of inflows continue this June.

Fixed income flows remained on the positive side of the ledger once again, posting their 46th month of inflows out of the last 47. While positive, inflows fell below their monthly average over the past three years as investors tactically rotated out of the more equity-sensitive segments like corporate credit.

Lower-than-average flows notwithstanding, the trend of investors bracing fixed income ETFs as portfolio solutions continued. As fixed income AUM marches toward $800 billion in the US, this trend is likely to persist for four main reasons:

1) **Cost:** Every basis point counts in this persistently low rate environment, and fixed income ETFs are, on average, 55% cheaper than fixed income mutual funds, with an average expense ratio of 0.32% compared with mutual funds' 0.70%.[xi]

2) **Exposure:** The significant expansion over the last decade of bond subsectors (e.g., EM debt, specific duration exposures) offered via ETFs has created more opportunities for investors to use ETFs to express a wider array of basic-to-sophisticated market viewpoints.

3) **Need:** The shift in demographics with an aging population in desperate need of stable retirement income has aided this fixed income ETF tailwind. Plus, ongoing bouts of idiosyncratic volatility that have led to multiple sharp selloffs have driven investors toward an asset class that, at its most basic level, is meant to provide ballast to portfolios and mitigate equity risks.

4) **Comfort:** Fixed income ETFs have been around since 2002. And, contrary to some myths, they have been tested numerous times – including, most recently, in Q4 2018. These periods where markets were stretched and fixed income ETFs remained well-behaved should increase investors' confidence in using ETFs within portfolios.

Beyond the big two asset classes, others were modestly lower or flat. Commodity-focused funds, which were sent lower by gold-backed strategies, had almost $1 billion of outflows, however. This is an odd occurrence given the recent outperformance of gold and its historical tendency to be wielded as a risk-mitigation strategy in times of volatility. Interestingly, most of the outflows occurred in the early part of the month, with the yellow metal segment having inflows over the last week of May. This indicates that the oddity witnessed earlier in the month might not continue into June if markets stay frothy.

### Figure 1: Asset Class Flows

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Equity | -19,914 | 20,770 | 23,805 | 148,309 | 0.8% |
| Fixed Income | 6,986 | 48,158 | 24,024 | 107,705 | 7.3% |
| Commodity | -864 | -3,098 | -3,278 | -6,057 | -4.9% |
| Specialty | -276 | 385 | -92 | -396 | 13.6% |
| Mixed Allocation | 210 | 122 | 452 | 2,128 | 1.1% |
| Alternative | -37 | -242 | -2 | 676 | -6.5% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

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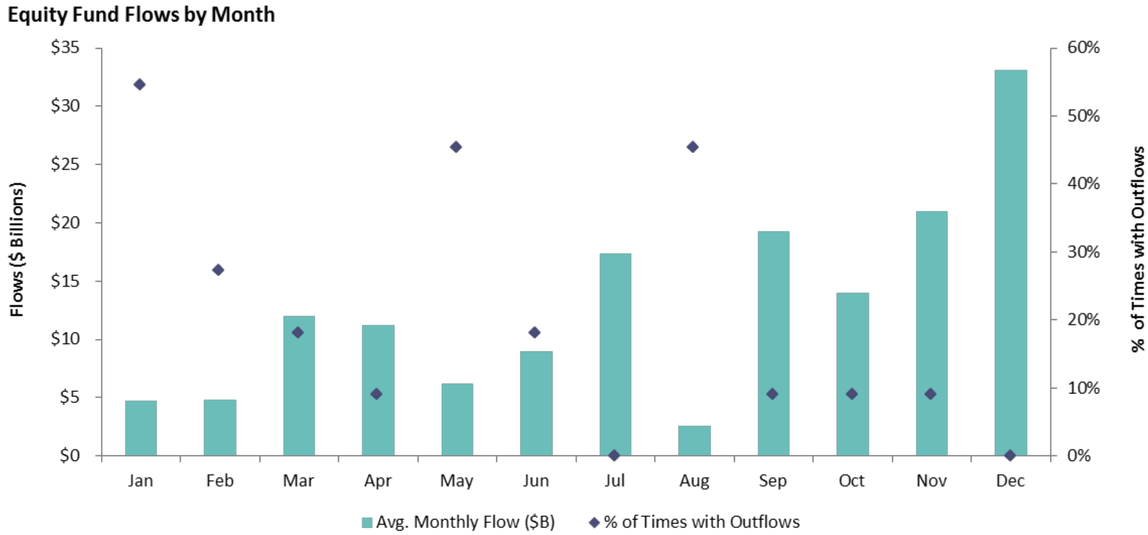
### Figure 2: Sell in May and Go Away?

The chart below depicts the monthly flow totals since 2009 and the percent of time those flows were negative on the month.




Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019 based on data from June 2009 to May 31, 2019. Past performance is not a guarantee of future results.

## No Love for New World Wine

Wine produced outside of the traditional wine-growing areas of Europe and North Africa, like the US for instance, is referred to as "new world wine." Much like purists preferring wine from the old country, investors shunned US-focused ETFs in the month of May. The more than $15 billion of outflows ranks May as the 8th worst month for US geographically focused ETFs dating back to 1998. Given that the broader equity category is experiencing near-record outflows, it's not surprising that the largest segment of equity ETFs (US) is doing the same.

The new tariff in town didn't just rough up US-focused strategies, though. Emerging market (EM) ETFs witnessed almost $2 billion of outflows. The negative flows were the first time EM had outflows since October 2018.

Single-country ETFs were also hit hard, with China-focused solutions leading the way lower, with over $1.8 billion of outflows. The outflows from China ETFs mark the first time the segment has had outflows in the past nine months. Taken together, it's apparent that the previously positive sentiment toward EM and China turned on a dime. If trade tensions don't simmer down, these outflow patterns might just be an aperitif for the rest of the year.

At the regional level, one month after snapping a 13-month losing streak of outflows, European-focused strategies had outflows again. With Brexit confusion reignited after Theresa May's resignation and Eurosceptic policymakers gaining power in the recent European Parliament elections, it's no surprise that April's positivity didn't carry over to May.

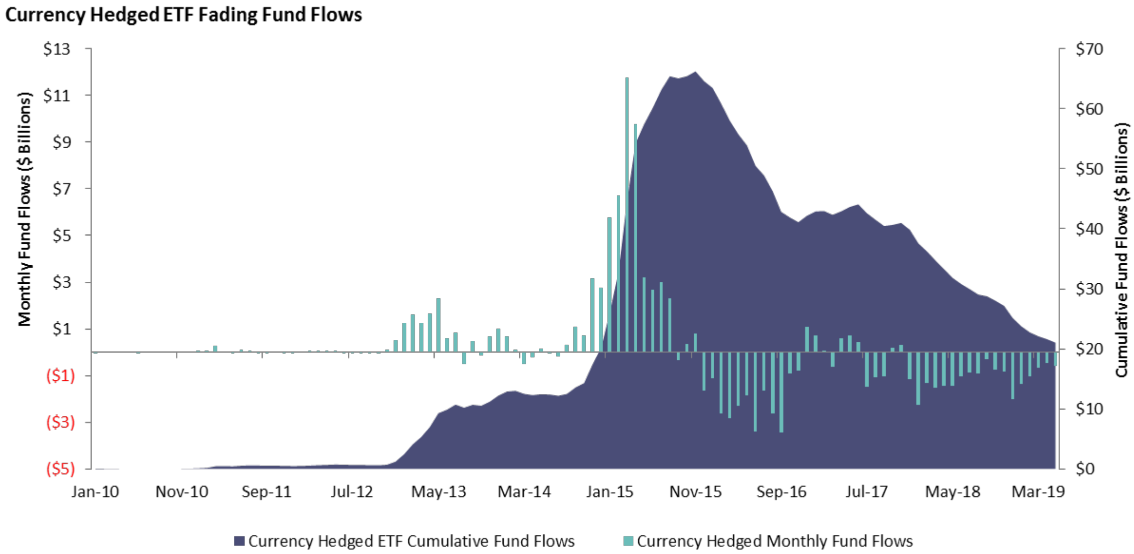
### Figure 3: Equity Geographical Flows

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| US | -15,256 | 13,537 | 21,749 | 113,520 | 0.7% |
| Global | 347 | -2,803 | -15 | 4,936 | -3.2% |
| International-Developed | 2,741 | 3,920 | 6,900 | 26,398 | 1.2% |
| International-Emerging Markets | -1,725 | 12,484 | 155 | 16,158 | 7.6% |
| International-Region | -1,204 | -667 | 330 | -6,586 | -1.4% |
| International-Single Country | -4,229 | -1,588 | -3,600 | 4,833 | -1.9% |
| Currency-Hedged | -588 | -4,114 | -1,715 | -10,950 | -19.1% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

**Figure 4: Currency-Hedged ETFs, the Icarus of ETF Categories?**

Currency-hedged ETFs, once the darling of the industry, have been under constant selling pressure over the past few years. However, with the US dollar strengthening year-to-date and hedged international exposures outperforming unhedged in 2019, will interest be renewed? Or have those who have tried to "time" currency movements with ETFs been burned too many times?




Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019. Past performance is not a guarantee of future results.

## Sectors Thrown Down in the Cellar

With equity ETFs and, in particular, US equity ETFs, bearing the brunt of the selling, sectors were in the red once again. It is the sixth time in the last eight months where sector funds had net outflows. Just one sector had inflows this month, but five are still positive on the year. This month's outflows ranks 2nd in terms of all-time monthly net outflows, behind the $9 billion of outflows this past January.

With such a sizable down month, the rolling three-month total fell to the bottom 3rd percentile for that figure over the past 12 years – an indication of investors' unwillingness to tactically express risk through precise sector bets. A trend witnessed since the fall, starting with the sell-off in Q4 of 2018, there have been over $30 billion of outflows in sector-related funds from then to now.

In May, selling was once again concentrated within the cyclical, economically sensitive segments of the market: Financials, Technology, Industrial Materials and Energy. The defensive-oriented Health Care sector also had outflows in May as well. This was largely a result of ongoing political headlines impairing sentiment, much as it did in April, when the sector had almost $2 billion of outflows. This negativity is a 180-degree turn in sentiment, as Health Care had been one of the top-allocated-to sectors coming into 2019 and ranks second in terms of flows over the past 12 months.

In terms of inflows, Utilities was the only sector with inflows, as investors favored the bond-proxy, domestically oriented sector (only 3% of the sector's revenue is derived from overseas, per FactSet) amid rising geopolitical tensions and falling long-term interest rates.

**Figure 5: Equity Sector Flows**

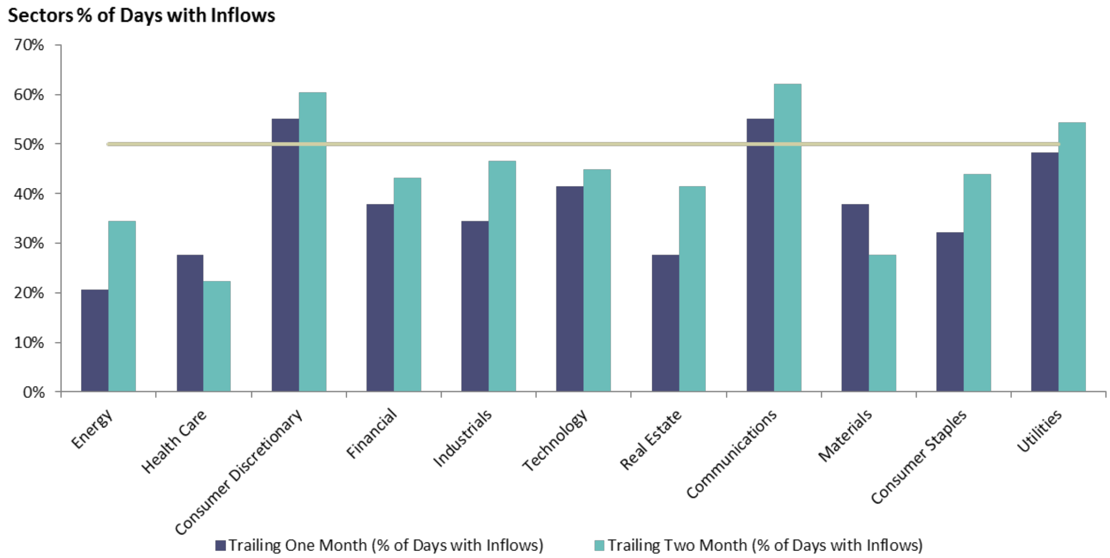
| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Technology | -1,137 | -1,279 | 252 | -1,474 | -0.9% |
| Financial | -1,478 | -5,197 | -2,164 | -17,284 | -11.1% |
| Health Care | -1,513 | -2,214 | -2,942 | 6,167 | -3.9% |
| Consumer Discretionary | -385 | -447 | 355 | -1,676 | -2.3% |
| Consumer Staples | -21 | 491 | 44 | 3,406 | 3.0% |
| Energy | -1,972 | -6,824 | -2,962 | -7,942 | -16.1% |
| Materials | -476 | -3,073 | -1,911 | -1,745 | -9.4% |
| Industrials | -819 | -2,197 | -1,181 | -6,460 | -9.9% |
| Real Estate | -781 | 1,825 | -959 | 1,437 | 3.1% |
| Utilities | 404 | 1,633 | 1,057 | 3,453 | 12.0% |
| Communications | -364 | 2,652 | 1,131 | 6,459 | 53.6% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

## Figure 6: Sector Frog-in-Pan Flow Momentum

We are showcasing a new process of examining flows, basing the analysis on the well-regarded frog-in-pan (FIP) momentum[xii] theory, which discusses targeting areas of the market with a series of frequent gradual changes (e.g., daily positive returns). The FIP theory finds that this continuous information induces strong, persistent return continuation that does not reverse in the long run. So, rather than just looking at flows on a net basis (e.g., best flows over the past month, which could just be the result of one big inflow on one specific day), we examined sectors based on the number of days with positive inflows (e.g., gradual, frequent changes) to understand where there may be agreement within a sector from multiple investors. This is not to dissect the sector with potential to outperform, but to identify where there may be current consensus from consistent inflows over a time period.

The key takeaway from the chart below is that only three sectors (Utilities being one of them) had inflows on more than 50% of the days over the past one or two months.  So few sectors with figures above 50% indicates sentiment skewed to the downside.




Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019. Past performance is not a guarantee of future results.

## Only *Some* Good Aromas from Bonds

With the market striking a risk-off tone, bonds were allocated to overall, with less equity-sensitive (Government, Aggregate) sectors benefiting. However, not all segments had inflows, as credit-oriented and higher-volatility sectors, such as high yield, bank loans and emerging market debt, witnessed sizable outflows in May. In fact, all three had outflows that equaled more than 5% of their start of month assets.

For high yield, this was a reversal of the year-to-date trend, as it had had inflows throughout 2019.  Preferreds garnered interest as their long-duration profile led to positive performance as long-term rates fell. With inflation subdued, inflation-protected strategies had outflows once again, further deepening their outflows over the last three and twelve months.

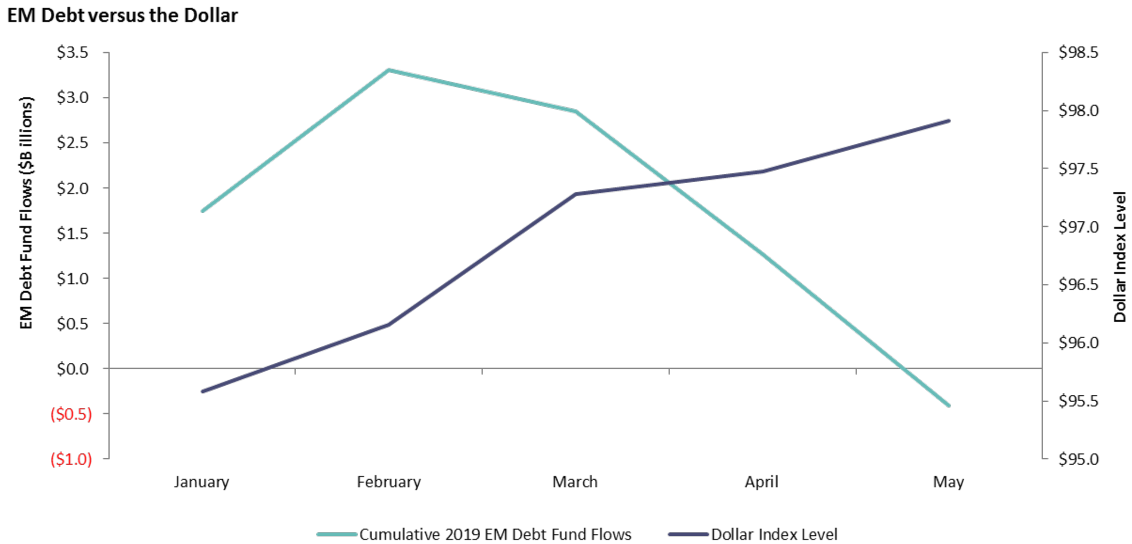
## Figure 7: Fixed Income Sectors

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Aggregate | 5,073 | 8,699 | 10,029 | 29,455 | 4.2% |
| Government | 5,614 | 14,087 | 9,608 | 49,966 | 11.8% |
| Inflation Protected | -235 | -2,176 | -2,116 | -2,113 | -5.3% |
| Mortgage-Backed | 232 | 5,549 | 1,304 | 8,967 | 24.4% |
| IG Corporate | 330 | 14,092 | 4,331 | 17,878 | 10.9% |
| High Yield Corp. | -3,020 | 5,349 | 1,007 | -513 | 14.7% |
| Bank Loans | -570 | -1,140 | -1,310 | -4,405 | -11.6% |
| EM Bond | -1,671 | -405 | -3,712 | 1,298 | -1.6% |
| Preferred | 340 | 1,373 | 1,643 | -956 | 5.4% |
| Convertible | 0 | -254 | 7 | -87 | -6.0% |
| Municipals | 892 | 2,985 | 3,232 | 8,215 | 8.1% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

**Figure 8: EM Debt Flows versus Strengthening Dollar**

The more than $1 billion of outflows in EM debt strategies are a result of sentiment dampening due to geopolitical risks and a strengthening US dollar, even as EM debt has outperformed broader US aggregate bonds year to date and over the last three months. As shown below, as the dollar has risen, flows have turned negative. The $1 billion of outflows in May added to the $1 billion in April amount to the greatest EM debt outflows for any two-month period over the past ten years.




Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019. Past performance is not a guarantee of future results.

## Not a Fan of Large Bottles

Given that US equities were in net outflows, the size and style category was largely the same with outflows throughout.

Where there were inflows, growth funds outpaced value, as flows followed returns. Growth is outperforming value by 5% in 2019.

**Figure 9: US Size and Style**

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Broad Market | 3,898 | 10,421 | 8,221 | 32,772 | 5.2% |
| Large-Cap | -10,342 | 13,101 | 20,508 | 71,740 | 2.6% |
| Mid-Cap | 12 | 3,910 | 1,579 | 13,640 | 2.4% |
| Small-Cap | -646 | -2,367 | -1,358 | 10,324 | -1.4% |
| Growth | 923 | 1,372 | 3,318 | 9,080 | 0.8% |
| Value | 655 | -1,352 | 820 | 23,598 | -0.7% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

## Both Old and Young Bond Vintages Favored

With the government category receiving the lion's share of the total fixed income flows, the maturity buckets within the government space all had inflows.

Those flows, however, were skewed towards the shorter end of the curve as with a flat yield curve investors are able to generate similar income there as to the long end, all the while seeking to position defensively.

**Figure 10: Fixed Income Maturity Flows**

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Ultra Short | 1,248 | -215 | 2,077 | 13,649 | -0.7% |
| Short Term | 2,412 | 5,826 | 4,288 | 20,354 | 13.5% |
| Intermediate | 1,033 | 3,509 | 766 | 8,552 | 12.5% |
| Long Term (>10 yr.) | 892 | 5,431 | 2,695 | 8,804 | 42.2% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

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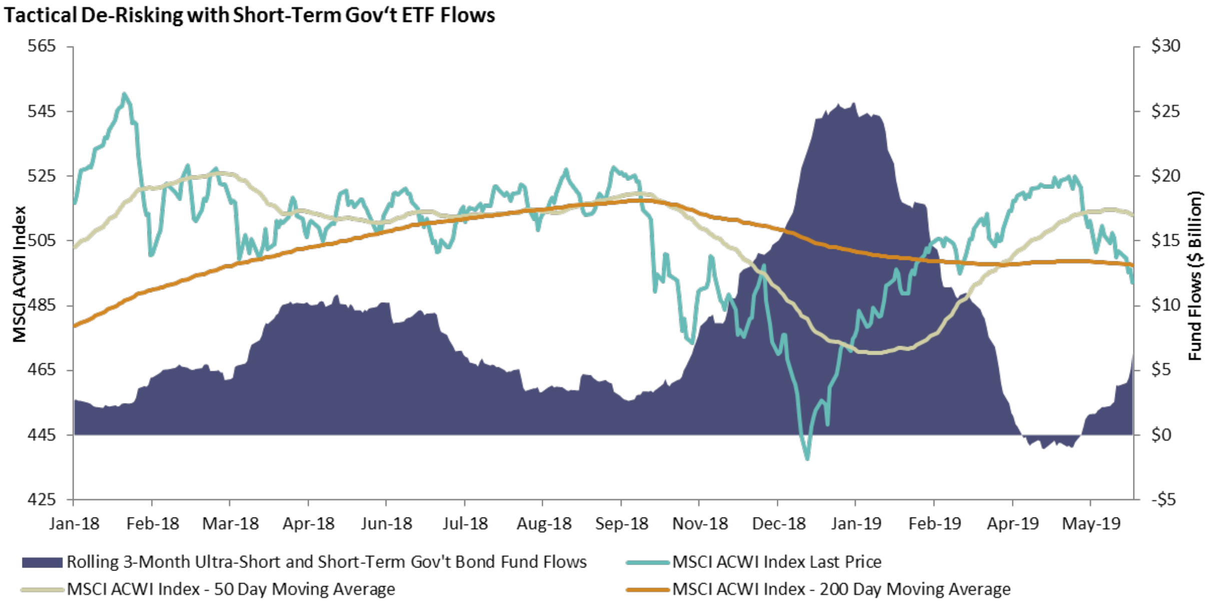
### Figure 11: Back to Short Term Bond Funds with the Latest Bottle Shock of Volatility

With the MSCI ACWI breaking through its 50- and 200-day moving average there was renewed interest in the ultra-short and short-term bond category, as investors sought to de-risk portfolio allocations.

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## Investors Taking Smart Tasting Notes

Smart beta flows have averaged $4 billion of inflows a month in 2019, with the majority going to defensive-oriented factor exposures like dividend yield and minimum volatility all year. And, those two "factors" represented 90% of the flows into smart beta funds in the month May.

Environmental, Social and Governance (ESG) strategies have taken in the most flows out of a percent of assets within this category, largely from two specific funds that received strategist cornerstone investment at launch. Outside of those flows there has been little interest relative to Smart Beta and Active mandates.

### Figure 12: Strategy Type

| In Millions | May | Year to Date | Trailing 3 Months | Trailing 12 Months | 2019 (% of Start of Year AUM) |
|---|---|---|---|---|---|
| Active | 1,656 | 7,414 | 5,299 | 24,243 | 10.6% |
| Smart Beta | 4,376 | 24,134 | 13,959 | 47,734 | 7.0% |
| Sector Smart Beta | -193 | 45 | 112 | -1,528 | 0.4% |
| ESG | 656 | 2,713 | 2,407 | 4,707 | 27.8% |

Top two and bottom two categories per period are highlighted. Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, as of May 31, 2019.

## Definitions

**Basis point**
1/100th of 1 percent

**Bloomberg Barclays U.S. Aggregate Bond Index**
The Bloomberg Barclays U.S. Aggregate Bond Index is a market weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most US-traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues.

**Bloomberg Barclays EM USD Aggregate Total Return Index**
The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**Bloomberg Dollar Spot Index (DXY)**
The Bloomberg Dollar Spot Index tracks the performance of a basket of 10 leading global currencies versus the US Dollar.

**CBOE SPX Volatility Index (VIX)**
A measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

**Growth**
Characterized by higher price levels relative to fundamentals, such as earnings.

**Value**
Characterized by lower price levels relative to fundamentals, such as earnings.

**Dividend Yield Factor**
Characterized by stocks, or a basket of stocks, with a high dividend yield

**Minimum Volatility Factor**
Characterized by stocks, or a basket of stocks, with a low standard deviation of returns or a lower risk than the market

**MSCI ACWI Index**
The MSCI ACWI Index captures large and mid-cap representation across developed and emerging markets countries.

**Moving Average**
A succession of averages derived from successive segments (typically of constant size and overlapping) of a series of values.

**Smart Beta**
A term for rules-based investment strategies that don’t use conventional market-cap weightings.

**Trailing three-month average**
Average over the prior three months.

**Noble Rot**
A fungal disease caused by Botrytis cinerea that results in dehydrated and shrivelled grapes that are high in concentrated sugar. Noble Rot grapes are an essential component of many Austrian and German wines.

**Brexit**
A term for the withdrawal of the United Kingdom from the European Union.

**Quitaly**
A term for the potential withdrawal of Italy from the European Union.



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Because of their narrow focus, sector investing tends to be more volatile than investments that diversify across many sectors and companies.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions. Growth stocks may underperform stocks in other broad style categories (and the stock market as a whole) over any period of time and may shift in and out of favor with investors generally, sometimes rapidly.

A Smart Beta strategy does not seek to replicate the performance of a specified cap-weighted index and as such may underperform such an index. The factors to which a Smart Beta strategy seeks to deliver exposure may themselves undergo cyclical performance. As such, a Smart Beta strategy may underperform the market or other Smart Beta strategies exposed to similar or other targeted factors. In fact, we believe that factor premia accrue over the long term (5-10 years), and investors must keep that long time horizon in mind when investing.

Actively managed funds do not seek to replicate the performance of a specified index. The Strategy/fund is actively managed and may underperform its benchmarks. An investment in the strategy/Fund is not appropriate for all investors and is not intended to be a complete investment program. Investing in the strategy/Fund involves risks, including the risk that investors may receive little or no return on the investment or that investors may lose part or even all of the investment.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

The views expressed here are those of the SPDR Americas Research Team of State Street Global Advisors and are subject to change based on market and other conditions. It should not be considered a solicitation to buy or an offer to sell any security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. There is no representation or warranty as to the current accuracy of such

[i] An imperial (six-liter bottle) of Screaming Eagle Cabernet 1992 fetched the highest price ever paid for a bottle of wine, at $500,000.
[ii] The term "Bottle Shock" is also related to a movie with the same name; it is based on a 1976 wine competition termed the "Judgment of Paris," when a California wine defeated a French wine in a blind taste test.
[iii] "The Trump trade tweets that sent the stock market tumbling, explained", VOX.com May 6, 2019
[iv] The 100-point scale is the most common method for scoring wines; it was popularized by *Wine Spectator* magazine and by Robert Parker in his *Wine Advocate* newsletter.
[v] "Italy to Activate Its 'Parallel Currency' in Defiant Riposte to EU Ultimatum", Bloomberg, May 30, 2019
[vi] "Fed's Clarida sees U.S. economy in a 'very good place'", Reuters, May 30, 2019
[vii] http://www.trumptwitterarchive.com/archive/economy
[viii] http://www.trumptwitterarchive.com/archive/all-time
[ix] Both Price-to-Earnings and Price-to-Next-Twelve-Month-Earnings ratios trade above the recent 15-year averages per Bloomberg Finance L.P. as of 05/31/2019
[x] Witte, H. Douglas. "Outliers and the Halloween Effect". *Econ Journal Watch*
[xi] Morningstar as of May 31, 2019
[xii] Frog in the Pan: Continuous Information and Momentum, Da, Gurun and Warachka (2013)

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