

Brinker Capital Market Barometer

The weight of the evidence leans positive, in line with our modest overweight to risk across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum	→			●	Market momentum continues to improve
Trend	→			●	S&P 500 Index hit new high; trend is solid
Investor sentiment			●		Sentiment survey data shifted more neutral; equity flows still negative
Seasonality				●	4Q tends to be the most constructive for equities

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy			●		Fiscal stimulus potentially offset by tariffs in 2020
Monetary policy				●	The Fed has cut three times and remains accommodative
Inflation				●	Global inflation low and inflation expectations muted
Interest rate environment			●		US yield curve has largely "un-inverted" but more progress is needed
Macroeconomic			●		Global growth slowdown but still positive; US/China trade war concerns
Business sentiment	←	●			CEO confidence has fallen sharply; small business confidence still elevated
Consumer sentiment				●	Measures have ticked down but remain at elevated levels
Corporate earnings			●		US earnings growth slowing but positive; weaker ex-US
Credit environment				●	Credit spreads have tightened; little sign of stress in financial conditions

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation			●		US equity valuations at long-term averages; more attractive ex-US
Business cycle	←		●		Longest expansion on record but also the slowest
Demographics			●		Mixed (US and emerging markets positive; developed int'l negative)

SUMMARY

Within the **short-term factors**, both market momentum and trend improved from neutral to positive as the S&P 500 Index recently hit a new high. Investor sentiment, a contrarian indicator, remains in neutral as survey data shows more optimism, but flows into equity products are still decidedly negative. Seasonality is a positive as the fourth quarter has historically been the strongest quarter for equity markets.

Intermediate-term factors remain neutral to positive overall; however, business sentiment was moved from neutral to negative. The measure of CEO confidence has fallen meaningfully, likely impacted by trade rhetoric. While optimism surrounding a trade deal has improved recently, it remains a big risk to our otherwise positive macroeconomic outlook.

Within the **long-term factors** we have moved business cycle from a positive to a neutral. The duration of our current economic recovery has been the longest on record, but it has also been the slowest which has helped to prolong the expansion. Our outlook on the economy remains positive over the intermediate term and we see few signs of recession; however, we are undoubtedly in the second half of the business cycle.

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Source: Brinker Capital. Information is accurate as of November 5, 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**