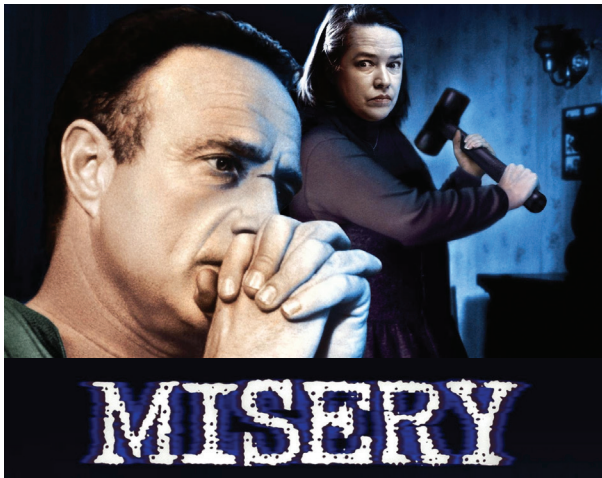


Misery

A scary movie, but a not so scary index (at least as of today)



Kathy Bates justifiably won the Best Actress Oscar for her portrayal of former nurse Annie Wilkes in the 1990 psychological horror film Misery, based on Stephen King's 1987 novel of the same name. If you haven't seen the movie, our advice is DON'T! It – and Ms. Bates in particular – are terrifying!

Misery the movie got us thinking about Misery the index, which fortunately isn't all that scary, at least as of today. The Misery Index was created by economist Arthur Okun who believed that

combining the seasonally adjusted unemployment rate with the annual inflation rate would provide a pretty good snapshot of how the average citizen was doing economically. Not surprisingly, low unemployment and low inflation are a good thing; elevated unemployment and elevated inflation are a bad thing.

Well, as we confront volatile markets and worries of a trade war driven downturn, it is worth noting that the Misery Index sits at just 5.60, the result of a 3.6% unemployment rate – the lowest in 50 years – and an inflation rate of 2.0%, as measured by the Consumer Price Index, a far cry from the high-teens Index readings of the late '70s (see the chart on the right). There were a lot of great things about the 1970s, but the Misery Index wasn't one of them!

Like any economic indicator, the Misery Index has its flaws (e.g. deflation would push it lower, but as we know deflation – a sustained drop in prices – is typically not an economic positive), but for now, the Misery Index reflects a US economy marked by low unemployment and modest inflation, and there is nothing scary about that!

Misery index by US presidential administration

President	Time period	Start	End	Chg.	Avg.
Nixon	1969-01 - 1974-07	7.80	17.01	9.21	10.57
Carter	1977-01 - 1980-12	12.72	19.72	7.00	16.26
Eisenhower	1953-01 - 1960-12	3.28	7.96	4.68	6.26
Johnson	1963-11 - 1968-12	7.02	8.12	1.10	6.77
Bush, G. H.W.	1989-01 - 1992-12	10.07	10.30	0.23	10.68
Bush, G. W.	2001-01 - 2008-12	7.93	7.39	-0.54	8.11
Obama	2009-01 - 2016-12	7.83	6.77	-1.06	8.83
Kennedy	1961-01 - 1963-10	8.31	6.82	-1.49	7.14
Trump	2017-01 - 2019-04	7.30	5.60	-1.70	6.29
Clinton	1993-01 - 2000-12	10.56	7.29	-3.27	7.80
Ford	1974-08 - 1976-12	16.36	12.66	-3.70	16.00
Reagan	1981-01 - 1988-12	19.33	9.72	-9.61	12.19
Truman	1948-01 - 1952-12	13.63	3.45	-10.18	7.88

Equities, Oil & Natural Gas (6/7/19)

Security name	Last	QTD Chg	YTD Chg	12Mo Chg
S&P 500	2873.34	1.37%	14.62%	3.72%
Russell 2000	1514.92	-1.61%	12.34%	-9.16%
Russell 3000	1252.30	1.76%	17.84%	4.83%
Russell 3000 Value	1609.58	0.55%	11.82%	0.06%
Crude Oil WTI (NYM \$/bbl)	53.99	-10.23%	18.89%	-18.13%
Natural Gas	2.34	-12.10%	-17.92%	-20.14%

Treasury rates (6/7/19)

	Price	Yield
2Y	100.164 / 100.1	1.853
3Y	100.272 / 100.2	1.822
5Y	100.220 / 100.2	1.853
7Y	101.004 / 101.0	1.967
10Y	102.200 / 102.2	2.080
30Y	106.094 / 106.1	2.571

Weekly reports

Last week
<ul style="list-style-type: none"> ISM Manufacturing 52.1 Unemployment Rate 3.6%
This week
<ul style="list-style-type: none"> NFIB Small Business Index Capacity Utilization

Brinker Capital Market Barometer

JUNE 2019

The weight of the evidence still leans positive which is in line with our slight overweight to risk in moderate to aggressive portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum	←		●		Market momentum weakened
Trend	←←	●			Global equity indices generally below ST and LT moving averages
Investor sentiment	→		●		Investors more pessimistic but not yet reached capitulation
Seasonality				●	Seasonality more supportive in second quarter

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Fiscal stimulus continues in 2019
Monetary policy				●	Fed on an extended pause and will end balance sheet reduction
Inflation			●		Fed sees inflation as running below target
Interest rate environment			●		Longer-term rates range-bound; yield curve inversion at short end
Macroeconomic	←		●		US growth solid but ex-US growth weaker; global trade war concerns
Business sentiment			●		Small biz confidence off record high; CEO confidence little improved
Consumer sentiment				●	Remain at elevated levels; still supportive
Corporate earnings				●	US earnings growth still solid; softer outside US
Credit environment				●	Slight widening of corporate credit spreads but few signs of stress

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; few signs point to recession
Demographics			●		Mixed (US and emerging markets positive; developed int'l negative)

Source: Brinker Capital. Information is accurate as of June 3, 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.