

## Cue UB40 - The US unemployment rate is worth singing about!



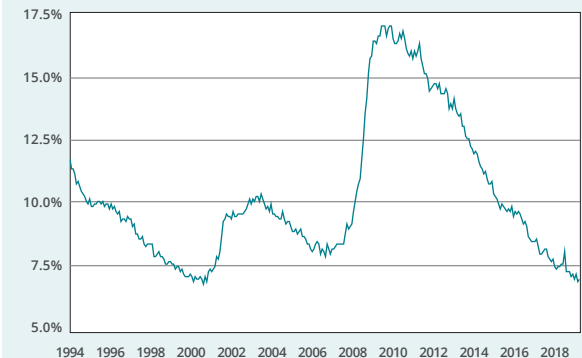
The US unemployment rate is worth singing about, with the widely followed and reported upon Household Survey Unemployment Rate (also known as U3) coming in at 3.6% in October, up ever so slightly from its 50-year low of 3.5% in September. For those who question how representative the Household Survey Unemployment Rate is of today's US labor market, we would point you toward the less widely followed and reported upon but much more comprehensive U6 unemployment rate, also known as Total Unemployed, Plus All Marginally Attached Workers Plus Total Employed Part Time For Economic Reasons, As A Percent Of All Civilian Labor Force Plus All Marginally Attached Workers. The U6 may be a mouthful, but it is near

a generational low of 7.0%, down from 17.1% in April 2010. However you analyze it, the US labor market is in fantastic shape.

Given that the US economy is both 70% consumption-driven and the world's largest, it is impossible to overstate the importance of the US consumer to domestic and global growth. The robust health of the US consumer has been among the reasons Brinker Capital has remained optimistic about both the US economy and US markets as we moved through 2019. Given the recent positive readings from the U3, the U6, and other consumer-facing data sets, including the US savings rate and the value of US household equity, we see no reason to deviate from our constructive view on the US consumer and US economy as we move into year-end.

Finally, considering all the bands one could "cue" to sing about a US unemployment rate worth singing about, one might wonder why settle on UB40, a British reggae band that has been reasonably successful over its 40+ year history? In a nutshell, its name. The band named itself after a form issued to people claiming unemployment benefits in the UK, with the designation UB40 shorthand for "Unemployment Benefit, Form 40." It's a bit of a stretch for sure, but we think it works.

Total Unemployed, Plus All Marginally... U6



Stocks, bonds, and commodities (11/11/19)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	3093.08	3.91%	23.39%	11.22%
MSCI AC World ex USA	291.55	4.88%	14.15%	7.99%
MSCI EAFE	1976.65	4.62%	14.93%	7.39%
MSCI EM	1064.85	6.38%	10.26%	9.08%
Bloomberg Barclays US Agg	105.17	-1.01%	5.08%	7.27%
Crude Oil WTI	57.13	5.66%	25.81%	-5.08%
Natural Gas	2.69	15.54%	-5.58%	-27.61%

Treasury rates (11/11/19)

	Price	Yield
2Y	99.214 / 99.22	1.666
3Y	99.242 / 99.24	1.705
5Y	98.262 / 98.26	1.747
7Y	98.146 / 98.15	1.860
10Y	98.082 / 98.09	1.941
30Y	98.284 / 98.30	2.426

Weekly reports

This week
• NFIB Small Business Index
• Capacity Utilization
Last week
• JOLTS Job Openings 7,024K
• Initial Claims 211K

# Brinker Capital Market Barometer

NOVEMBER 2019

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)

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. MSCI AC World ex US Growth: An index made up of approximately the top 50% of the MSCI AC World ex US Index as composite ranked by five growth rates. This is a common proxy used to represent the growth segment of the developed international market. MSCI EAFE Index: A market-capitalized weighted index representing developed international equity markets located in Europe, Australia, Asia and Far East (EAFE). S&P 500 Index: An index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large-cap universe. Companies included in the Index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. Barclays US Aggregate Index: A market capitalization-weighted index, maintained by Barclays Capital, and is often used to represent investment grade bonds being traded in the US. MSCI Emerging Markets: a float-adjusted market capitalization index representing 13% of global market capitalization. Captures mid and large cap across more than two dozen emerging market countries.