Trustmark Investment Advisors, Inc.

ECONOMIC HIGHLIGHTS

Retail Sales growth came in at a -0.3% for September, below expectations of +0.3%. Ex-autos, the index was still down 0.1%. Business Inventories were flat for August, with Business Inventories to Sales was flat at 1.40. This latter ratio had been 1.35 a year ago. October's Home Builders' Index was at 71, up from 68 in September, and quite expansionary. In this regard, Housing Starts for September came in at 1.26 million units (incl. Multi-Family), down from 1.39 million units in August. Industrial Production was down 0.4% for September, having been up 0.8% in August. Capacity Utilization remained solid, at 77.5% versus 77.9% the prior month. Finally, the Index of Leading Economic Indicators came in at -0.1% for September, up slightly from the -0.2% level for August.

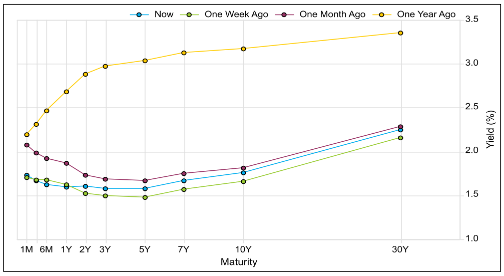
FIXED INCOME

In a speech late last week, Federal Reserve Vice Chairman Richard Clarida left the door open to a third consecutive interest-rate cut, saying the outlook for U.S. growth is favorable but the central bank will "act as appropriate" to sustain the expansion amid risks. "The U.S. economy is in a good place, and the baseline outlook is favorable," Clarida told the gathered media in Boston. Still, there are "some evident risks," as business fixed investment has slowed "notably" and "global growth estimates continue to be marked down." He added, "Global disinflationary pressures cloud the outlook for U.S. inflation." Clarida also noted that the Federal Open Market Committee "will proceed on a meeting-by-meeting basis to assess the economic outlook as well as the risks to the outlook, and it will act as appropriate to sustain growth." The committee meets October 29-30 to debate the need for another quarter percentage point interest-rate cut and investors saw nearly certain chances that the central bank will ease again following reductions in July and September. Clarida's remarks -- among the last by a top official before the pre-meeting blackout period starts -- fit the discourse of other Fed policymakers in recent weeks. The overall message is that the U.S. economy is on a sound footing with labor markets holding up, inflation low and the outlook for continued but moderate growth intact. Still, policymakers have showed concerns about the global slowdown and are watching to see if the deceleration in manufacturing and exports begins to affect the broader economy. "I can't think of a time when, in the aggregate, the U.S. consumer has been in better shape," Clarida said during questioning by a moderator after his speech. When asked whether shocks from trade disputes would begin to impact consumer confidence and possibly erode growth further, Clarida added: "I don't see any evidence right now that recession risks are elevated, and we don't see it spilling into the consumer." At the same time, he said risk management is an important element of policy. Economists surveyed by Bloomberg forecast the pace of growth will slow in the second half of 2019 to about 1.75% versus around 2.5% for the first two quarters of the year.

CURRENT GENERIC BONDS YIELDS

TREASURIES		AGENCIES		CORPORATES		MUNICIPALS	
3 mo	1.66%	3 mo	1.67%	3 mo	1.93%	3 mo	1.17%
6 mo	1.62%	6 mo	1.84%	6 mo	1.90%	6 mo	1.18%
1 yr	1.57%	1 yr	1.83%	1 yr	1.85%	1 yr	1.18%
2 yr	1.57%	2 yr	1.66%	2 yr	1.79%	2 yr	1.20%
5 yr	1.56%	5 yr	1.59%	5 yr	1.98%	5 yr	1.26%
10 yr	1.75%	10 yr	1.95%	10 yr	2.41%	10 yr	1.63%
30 yr	2.25%	30 yr		30 yr	3.19%	30 yr	2.34%

CHANGE IN TREASURY YIELD CURVE



EQUITY

INDEX RETURNS	LAST WEEK	YTD
Dow Jones Industrials	-0.02%	16.99%
S&P 500 (Large Cap)	0.86%	21.24%
S&P 400 (Mid Cap)	1.52%	18.06%
Russell 2000 (Small Cap)	2.05%	15.15%
NASDAQ Composite	0.51%	22.96%
MSCI EAFE (International)	1.58%	15.23%
iShares Real Estate	1.49%	29.09%

U.S. equity finished out the week with another gain after snapping a three-week losing streak the previous week. Earnings guidance and corporate commentary, along with de-escalation of US-China trade tension, fed accommodations, and better geopolitical headlines all provided a tailwind for the U.S. equity market. Health Care (+2.41%) and Communication Services (+2.42%) were the standout sectors while Energy remained the only negative sector for the week at -1.01%. Gold fell -0.21% and Oil rose +0.30%.

The Wall Street Journal noted that Federal Reserve officials have left open the idea for another rate cut later this month, however, they have been seen arguing less forcefully for another easing than they did before the July and September moves. The Fed is seen discussing the impact and whether to pause current sequence of rate cuts, how much time is needed to asses the effects, and how to communicate appropriately. According to the article, the Fed must deal with multiple moving pieces such as, spending in interest-sensitive areas increasing along with the labor market being solid, manufacturing data weak, global growth being sluggish, and trade uncertainty being elevated.

Chinese Q3 GDP growth has slowed the most in three decades to 6.0% y/y in Q2 and missed the expectations of 6.1%. This marked the weakest readings in at least 27 years. GDP grew 6.2% YTD, reaching the government's 6.0%-6.5% target for 2019. China's industrial production grew 5.8% y/y, rebounding from the August 4.4% and topping the consensus of 5.0%. The fixed asset investment growth YTD slowed from 5.5% y/y to an in-line 5.4%. Their weaker manufacturing investment was offset by a pickup in infrastructure investment growth. Retail sales growth showed resolve to an in-line 7.8% from 7.5% in August, which was driven by a pickup in spending on home appliances and slower pace of contraction in auto sales.

The S&P 500 Large Cap Index finished the week positive, continuing its' second week of gains. Near the beginning of the week, the Large Cap Index saw a resistance break and rallied close to resistance levels of the high of 3027. One could expect to see the index to hit this mark, slow down due to resistance, and retrace, though a break to new highs would be a positive signal. The S&P 500 closed at 2986.

ASSET ALLOCATION

CURRENT SENTIMENT	
Cash	Neutral
Short Fixed Income	Neutral
Intermediate Fixed Income	Neutral
Inflation-Adjusted Fixed Income	Unfavorable
High Yield Fixed Income	Neutral
International Fixed Income	Unfavorable
Equity Income	Favorable
Large Cap Equity	Favorable
Mid Cap Equity	Favorable
Small Cap Equity	Neutral
International Equity	Neutral
Emerging Markets Equity	Neutral
Real Estate	Neutral
Commodities	Unfavorable

Below is a summary of our current stance on most asset classes:

Cash - Neutral weighting now that Fed Funds rate is above 2%. Any exposure is for defensive positioning or liquidity needs.

Short Term Bonds - Relative to Intermediate Bonds, the reduced duration is preferable given the outlook for higher interest rates.

Intermediate Term Bonds - The current trading range of intermediate bonds warrants a neutral position with limited upside potential. Some opportunities still remain present in floating rate securities.

Inflation-Adjusted Bonds - Low inflation expected in near-term providing zero real return.

High Yield Bonds - Spreads have tightened considerably and do not warrant exposure to unnecessary credit risk when compared to Treasuries.

International Bonds - Foreign bonds offer good diversification qualities and higher yield opportunities, however, risks have been elevated recently and investment should be made cautiously.

Equity Income - High quality and higher-dividend-paying companies remain attractive for long-term investors given their favorable risk-adjusted profile and current yield curves.

Large Cap Stocks - A favorable weighting is recommended. Growth continues to be a more favorable style and should be overweighed versus Value.

Mid Cap Stocks - Mid cap exposure remains an attractive market capitalization. Mid cap stocks continue to provide the "sweet spot" of market capitalization - large enough to provide stability, but small enough to be more nimble.

Small Cap Stocks - In broad market corrections, small cap stocks will suffer most with increased volatility. However, a recent divergence of relative strength between small caps and large caps warrants a neutral exposure.

International Stocks - Given most foreign investment is in developed markets and European countries, until sovereign debt concerns are alleviated, an underweight to neutral weight is recommended.

Emerging Market Stocks - Stronger balance sheets, less debt, and better growth potential make emerging markets more fundamentally attractive than developed countries longer-term. However, trade uncertainty and dollar strength provide a headwind for EM in the near term.

Real Estate - Pricing has stabilized and long-term valuations appear attractive. Real Estate has performed well of late and should continue to be a strong alternative to other asset classes.

Commodities - Global demand should support higher prices if the global recovery remains on track. Volatility will be higher, and commodities will be susceptible to short-term price shocks, however, if used in conjunction with other asset classes, risk can be reduced substantially within a diversified portfolio. Used alone though is not recommended as the short-term outlook is not favorable.

Sources of statistical information are Bloomberg and Ned Davis Research.