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Some context and thoughts on today's market activity:

- Market day started with another solid jobs report and the strongest year-over-year wage growth since the recession in 2009
- These data points caused Fed policy expectations to change – the likelihood of additional interest hikes in 2018-19 increased meaningfully – and led to a selloff in rate-sensitive bonds
- Treasury yields spiked to 2.84% on the 10-year, reflecting these policy expectations and higher inflationary concerns given backdrop of synchronized global growth
- In response, stocks sold off (unsurprisingly) just over 2% (as measured by broader measures such as the S&P 500 and the Russell 2000) with a pick-up in volatility not seen in quite some time
- Another factor impacting the decline was political wrangling in Washington, which further discouraged buyers from stepping in on Friday weakness
- While headlines will focus on the 665-point drop in the price-weighted Dow Jones Industrial Average, that was just a 2.54% decline (ten years ago, such a point decline would have been in excess of 7%)
- For context, the last time stocks were off 2% with a rise in yields of five basis points or more was in the fall of 2016, but these events have happened 100 times in the last 50 years or so, so not uncommon
- Selloff was long overdue given the distance between now and the last correction and welcome to many institutional investors as garden-variety
- While the S&P 500 fell 3.85% this week, this week's earnings reports came in strong, and the S&P 500 has still recorded gains of 3.31% for the year-to-date

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