Trustmark Investment Advisors, Inc.

ECONOMIC HIGHLIGHTS

The U.S. Consumer Price Index was up 0.1% overall, and up 0.3% for the Core Index in June. Producer Prices were down 0.1% for the month. Otherwise a relatively slow week for economic releases.

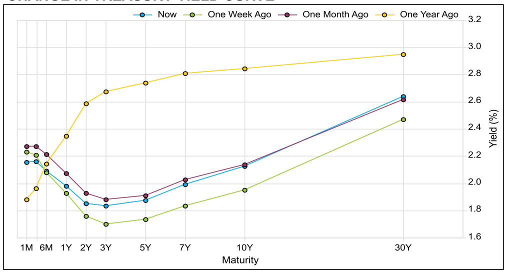
FIXED INCOME

According to Chicago Fed President Charles Evans, the Federal Reserve should consider lowering interest rates at least twice in an effort to boost inflation above the central bank's 2% goal. "Inflation is probably going to require a little more monetary accommodation in order to get up to 2, and above 2%, Evans said last Friday during a talk in Chicago. "I really think that it would be useful, it ought to be a part of our policy, to be aiming for inflation a little bit above 2% at this point, because we have been under-running for so long." Investors are betting heavily that Fed officials will bring to pass a reduction in their benchmark overnight interest rate when they next meet in Washington on July 30-31. Fed Chairman Jerome Powell suggested to lawmakers in congressional testimony last week that the central bank has room to ease policy because inflation pressures remain muted despite a low unemployment rate. The personal consumption expenditures price index, the Fed's preferred gauge of inflation, rose 1.5% in May from a year ago and has rarely been above 2% in the last seven years. "I think that with a couple of rate cuts, the trajectory for inflation could be looking like 2.2% PCE inflation in 2021, and that would be a perfectly acceptable, good outcome," said Evans, who is one of the more dovish policymakers at the U.S. central bank and votes on monetary policy this year. "On top of that, there is nervousness about the foreign economies -- beyond just their implications for inflation -- that I think a prudent risk-management approach would also say, yeah, that would be okay to make these adjustments," Evans said. "They are relatively minor. They are more in the nature of a recalibration." In December, Fed officials raised the fed funds rate to just under 2.5%, marking the ninth quarter-point increase in three years. At the time, they projected the so-called neutral interest rate -- which in theory would neither speed up or slow down the economy -- as being about 2.75%, according to the median estimate of Federal Open Market Committee members. Evans told reporters Friday after his talk that the December hike "was the right decision." given what the committee knew at the time. In the Fed's long-run neutral rate estimates in January 2012, officials put the number at 4.25%. They have slowly revised it lower over the course of the last seven years.

CURRENT GENERIC BONDS YIELDS

TREASURIES		AGENCIES		CORPORATES		MUNICIPALS	
3 mo	2.13%	3 mo	2.13%	3 mo	2.22%	3 mo	1.18%
6 mo	2.07%	6 mo	2.14%	6 mo	2.21%	6 mo	1.20%
1 yr	1.96%	1 yr	2.04%	1 yr	2.20%	1 yr	1.21%
2 yr	1.85%	2 yr	1.94%	2 yr	2.15%	2 yr	1.23%
5 yr	1.87%	5 yr	1.90%	5 yr	2.32%	5 yr	1.33%
10 yr	2.12%	10 yr	2.35%	10 yr	2.76%	10 yr	1.75%
30 yr	2.65%	30 yr		30 yr	3.55%	30 yr	2.59%

CHANGE IN TREASURY YIELD CURVE



EQUITY

INDEX RETURNS	LAST WEEK	YTD
Dow Jones Industrials	1.98%	18.66%
S&P 500 (Large Cap)	1.31%	21.54%
S&P 400 (Mid Cap)	0.69%	18.91%
Russell 2000 (Small Cap)	0.57%	17.26%
NASDAQ Composite	1.80%	24.97%
MSCI EAFE (International)	0.02%	14.36%
iShares Real Estate	-0.29%	21.57%

U.S. equity closed higher for the week with the S&P 500 index finishing up (+.46%). Fedspeak seems to dominate the headlines and act as the major driver of the Market for the week. Energy (+1.67%) and Communication Services (+1.70%) were the leading Market sectors, while Materials (-.77%) was the main laggard. Gold is up (+.56%), while WTI Crude oil finished up (4.23%) for the week.

Fedspeak dominates the headlines while there seems to be dovish speak commentary following comments from Fed chair Powell and the release of June's FOMC minutes. The Wall Street Journal noted that Fed Governor Lael Brainard said that easier policy is justified amid growing risks to the economic outlook and soft inflation, as well as, NY Fed President John Williams commented on the case for lowering rates is getting stronger amid soft inflation expectations and business investmen ts. It should be noted that Bloomberg reported both the Atlanta Fed President and Richmond Fed President expressing skepticism about policy easing. The Market seems to be pricing in a rate cut for the coming months, and a rate hike seems almost improbable.

June's PPI met expectations with the core PPI level being up 0.3% m/m vs May's 0.2%. The report is up 2.3% y/y, in which the measurement has remained above 2% since July 2017. The report noted that services prices are up 0.4% m/m, the largest monthly increase since October 2018, as well as, a 0.4% de cline in Goods prices, which can be attributed to lower energy. Foods prices climbed 0.6%.

Exports fell 1.3% year-over-year in June, the first full month of the higher U.S. tariff rate, after a 1.1% increase in May. June imports seemed to decline 7.3% (failing the expectations of a 4.6% decline), which follows May's 8.5% contraction. New loans totaled CNY1.66T, a three month high, even though they faile d to meet the consensus with corporate loans being a bright spot. M2 money supply growth held at 8.5% vs the expectation for a 0.1pp uptick.

The Financial Times previewed the upcoming Q2 earnings season and highlighted the expectations for an earnings recession (two straight quarters of y/y earnings decline) with FactSet estimates showing S&P 500 earnings expected to fall 2.8% following a contraction in Q1. It is expected for buybacks t o continue to provide an earnings tailwind, and softer macro backdrop is expected to drive the weakest top-line growth in nearly three years.

The S&P 500 index has seen growth following the break of resistance around 2955. Since that break the index rose, almost rete sted this level, and is now seen rising past this level to

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, a n 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 provides 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 di versified portfolio. Used alone though is not recommended as the short-term outlook is not favorable.