

Market Week: April 29, 2019



The Markets (as of market close April 26, 2019)

The S&P 500 and Nasdaq reached record highs last week on the heels of an unexpectedly strong GDP report. Tech shares got a boost from strong quarterly earnings reports from a major player in that sector. Of the benchmark indexes listed here, only the Dow and the Global Dow failed to post gains by the end of the week. The small caps of the Russell 2000 rebounded by gaining over 1.50%, while the S&P 500 closed the week up 1.20%. For the year, each of the indexes listed here are well ahead of their 2018 year-end closing values, led by the Nasdaq and the Russell 2000.

Oil prices dipped for the first time in several weeks, closing at \$62.80 per barrel by late Friday, down from the prior week's closing price of \$64.00 per barrel. The price of gold (COMEX) increased last week, closing at \$1,288.40 by Friday evening, up from the prior week's price of \$1,277.90. The national average retail regular gasoline price was \$2.841 per gallon on April 22, 2019, \$0.013 higher than the prior week's price and \$0.043 more than a year ago.

Market/Index	2018 Close	Prior Week	As of 4/26	Weekly Change	YTD Change
DJIA	23327.46	26559.54	26543.33	-0.06%	13.79%
Nasdaq	6635.28	7998.06	8146.40	1.85%	22.77%
S&P 500	2506.85	2905.03	2939.88	1.20%	17.27%
Russell 2000	1348.56	1565.75	1591.82	1.67%	18.04%
Global Dow	2736.74	3094.67	3084.44	-0.33%	12.70%
Fed. Funds target rate	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
10-year Treasuries	2.68%	2.56%	2.49%	-7 bps	-19 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic Headlines

- The nation's economy grew at an annualized rate of 3.2% in the first quarter of 2019, according to the initial, or "advance," estimate of the gross domestic product from the Bureau of Economic Analysis. In the fourth quarter, the GDP expanded at an annualized rate of 2.2%. Increases in government spending, private inventory investment, and exports helped drive the growth in the first quarter. On the downside, first-quarter figures showed that residential investment slowed, as did consumer spending and business fixed investment (e.g., machinery used in production, such as computers, software, heavy equipment, etc.) compared to the prior quarter. A couple of points to note from this report are that consumers spent less, particularly on big-ticket items such as motor vehicles, and net exports (i.e., the trade deficit) increased as exports accelerated while purchases of imports slowed.
- New orders for manufactured durable goods in March increased \$6.8 billion, or 2.7%, according to the Census Bureau. This increase, up four of the last five months, followed a 1.1% February decrease.

Key Dates/Data Releases

4/29: Personal income and outlays

5/1: PMI Manufacturing Index, ISM Manufacturing Index, FOMC meeting statement

5/3: Employment situation, international trade in goods, ISM Services Index

Excluding transportation, new orders increased 0.4%. Excluding defense, new orders increased 2.3%. Transportation equipment, also up four of the last five months, led the March increase, up 7.0% over February's figures. Shipments of durable goods increased 0.3% following a similar jump in February. Unfilled orders (0.3%) and inventories (0.3%) increased, while new orders for capital goods, used by businesses to produce goods or services, surged 6.5% in March over February.

- Sales of existing homes pulled back in March after posting robust sales figures in February. Existing home sales fell 4.9% last month and are down 5.4% from a year ago. The median price for existing homes for sale in March was \$259,400 (\$249,500 in February), 3.8% ahead of the price last March. Total inventory is at a 3.9-month supply — slightly ahead of the 3.6-month supply in February.
- New home sales increased 4.5% in March over the previous month as housing prices fell. The median sales price of new houses sold in March was \$302,700 (\$315,200 in February). The average sales price was \$376,000 (\$385,300 in February). The estimate of new houses for sale at the end of March was 344,000. This represents a supply of 6.0 months at the current sales rate.
- For the week ended April 20, there were 230,000 claims for unemployment insurance, an increase of 37,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended April 13. The advance number of those receiving unemployment insurance benefits during the week ended April 13 was 1,655,000, an increase of 1,000 from the prior week's level, which was revised up by 1,000.

Eye on the Week Ahead

Several important economic- and market-moving reports are out this week. Information on consumer income and spending for March is out on Monday. Consumer income rose only 0.2% in February. The employment figures for March are out at the end of the week. The unemployment rate has remained 3.8% for quite some time, while hourly earnings nudged up 0.1% in February. The Federal Open Market Committee meets next week. It is not expected that the Committee will increase interest rates, however its statement on economic conditions will be closely watched.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.

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