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Prepared for: MonthLY Update & Diary What's To Come

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MARKET MONTH: APRIL 2019

Key Dates/Data Releases

5/1: FOMC meeting results, PMI

Manufacturing Index, ISM

Manufacturing Index

5/3: Employment situation, international trade in goods, ISM Non-Manufacturing Index

5/7: JOLTS

5/9: International trade, Producer Price Index

5/10: Consumer Price Index, Treasury budget

5/14: Import and export prices

5/15: Retail sales, industrial production

5/16: Housing starts

5/21: Existing

The Markets (as of market close April 30, 2019)

As April came to a close, each of the benchmark indexes listed here posted strong monthly returns. In fact, for several of the indexes, April brought to a close the best four-month stretch in many years. Both the Nasdaq and S&P 500 reached new highs during the month, as investors were encouraged by a shrinking trade deficit, favorable economic projections, low inflation, and stable interest rates. The Nasdaq led the way, nearing a monthly gain of almost 5.0%, followed by the large caps of the S&P 500, the small caps of the Russell 2000, the Global Dow, and the Dow, which gained over 2.5% for the month. During April, consumers saw gas prices climb as oil prices continued to soar.

By the close of trading on April 30, the price of crude oil (WTI) was \$63.42 per barrel, up from the March 29 price of \$60.19 per barrel. The national average retail regular gasoline price was \$2.887 per gallon on April 29, up from the March 25 selling price of \$2.623, and \$0.041 more than a year ago. The price of gold dipped by the end of April, falling to \$1,285.10 by close of business on the 30th, down from \$1,325.70 at the end of March.

Market/Index	2018 Close	Prior Month	As of April 30	Month Change	YTD Change
DJIA	23327.46	25928.68	26592.91	2.56%	14.00%
NASDAQ	6635.28	7729.32	8095.39	4.74%	22.01%
S&P 500	2506.85	2834.40	2945.83	3.93%	17.51%
Russell 2000	1348.56	1539.74	1591.21	3.34%	17.99%
Global Dow	2736.74	3000.81	3099.65	3.29%	13.26%
Fed. Funds	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
10-year Treasuries	2.68%	2.40%	2.50%	10 bps	-18 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.

Latest Economic Reports

- Employment:** Total employment rose by 196,000 in March after adding only 33,000 (revised) in February. The average monthly job gain in the first quarter of 2019 was 180,000 per month (223,000 in 2018). Notable employment increases for March occurred in health care (49,000), professional and technical services (34,000), and food services and drinking places (27,000). The unemployment rate remained at 3.8% in March, and the number of unemployed persons also was

home sales

5/23: New home sales

5/24: Durable goods orders

5/30: GDP, international trade in goods

5/31: Personal income and outlays

effectively unchanged at approximately 6.2 million. The labor participation rate dropped 0.2 percentage point to 63.0% in March, while the employment-population ratio fell 0.1 percentage point to 60.6%. The average workweek increased by 0.1 hour to 34.5 hours for March. Average hourly earnings increased by \$0.04 to \$27.70. Over the last 12 months ended in March, average hourly earnings have risen 3.2%.

- **FOMC/interest rates:** The Federal Open Market Committee meets at the end of April, with its report issued on May 1. The results of that meeting will be covered in the next monthly report. However, based on prior statements from the FOMC, rates are not expected to increase at this time.
- **GDP/budget:** The initial estimate of the first-quarter gross domestic product showed the economy grew at an annualized rate of 3.2%. The GDP expanded at a rate of 2.2% for the fourth quarter of 2018. Driving the growth rate increase was a surge in business investment, growth in exports, and a decrease in imports. On the other hand, consumer spending, as measured by personal consumption expenditures, rose 1.2% — notably down from the fourth-quarter rate of 2.5%. Also of note, business investment increased 2.7% and government purchases were a strong 2.4%. The federal budget deficit was \$147 billion in March (\$234 billion in February), and sits at \$691 billion through the first six months of the fiscal year. Over the same period for fiscal year 2018, the deficit was \$600 billion.
- **Inflation/consumer spending:** The report on personal income and outlays is one that is favored by the Federal Reserve as an inflation indicator. The prices consumers paid for goods and services climbed 0.2% in March following a 0.1% gain in February. Excluding food and energy, consumer prices were unchanged in March after nudging up 0.1% the prior month. In March, consumer spending rose 0.9% (0.1% in February). Personal income inched up 0.1% in March after increasing 0.2% in February. Disposable (after-tax) income did not change in March after climbing 0.1% in February.
- The Consumer Price Index increased 0.4% in March after rising 0.2% in February. Over the previous 12 months ended in March, the CPI rose 1.9%. The energy index increased 3.5% in March, accounting for about 60% of the overall monthly increase. Core prices, which exclude food and energy, climbed 0.1% in March, the same increase as in February. Core prices were up 2.0% over the previous 12 months ended in March.
- According to the Producer Price Index, the prices companies received for goods and services rose 0.6% in March after climbing 0.1% in February. The index increased 2.2% for the 12 months ended in March, the largest 12-month rise since a 2.5% advance in December 2018. Once again, soaring energy prices drove the PPI. Excluding food, energy, and trade services, producer prices were unchanged in March from February.
- **Housing:** While new home sales have expanded, the market has been slower for existing home sales, which fell 4.9% in March after climbing 11.8% in February. Year-over-year, existing home sales remain down 5.4%. The March median price for existing homes was \$259,400, up from \$249,500 the prior month. Existing home prices were up 3.8% from March 2018. Total housing inventory for existing homes for sale in March increased to 1.68 million (3.9-month supply), up from 1.63 million existing homes available for sale in February. Sales of new homes continued to expand in March following a robust February. Sales of new single-family houses in March were 4.5% higher than in February, and 3.0% above the March 2018 estimate. Falling prices and a few more houses on the market have helped drive sales activity. 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). Inventory was at a supply of 6.0 months in March (6.1 months in February).
- **Manufacturing:** The manufacturing sector continues to sputter in March, as industrial production edged down 0.1% after inching up 0.1% in February. Manufacturing production was unchanged in March after declining in both January and February. Total industrial production was 2.8% higher in March than it was a year earlier. On a more positive note, durable goods orders increased 2.7% in March after falling 1.1% (revised) in February. Soaring commercial aircraft and

motor vehicle orders drove much of the March gain. New orders for durable goods excluding transportation increased 0.4% in March.

- **Imports and exports:** The latest information on international trade in goods and services, out April 17, is for February and shows that the trade deficit continues to shrink. For February, the goods and services deficit was \$49.4 billion, down \$1.8 billion from January's figures, which were \$8.8 billion lower than the prior month. February exports were up 1.1%, while imports rose only 0.2%.
- **International markets:** Canada's GDP fell 0.1% in February from the previous month, and is up 1.1% since February 2018. In light of this news, it is expected that the Bank of Canada will keep interest rates at their current level for what could be an extended period of time. Business surveys in China were not as positive as hoped for last month. Despite Beijing's efforts to stimulate economic growth, manufacturing growth has been slower than anticipated. Eurozone inflation has been subdued for quite some time. However, Germany's annual inflation rate, which grew to 2.1% in April, exceeded the European Central Bank's target level. British Prime Minister Theresa May's attempts to negotiate a Brexit deal with the Labour Party has not been fruitful so far. Presuming a stalemate with no internal agreement in place, Britain is likely to take part in next month's European elections.
- **Consumer confidence:** The Conference Board Consumer Confidence Index® jumped from 124.2 in March to 129.2 in April. Consumers' opinion of current economic conditions improved in April, as did their short-term outlook. Overall, consumers expect the economy to continue to grow at a solid pace into the summer months.

Eye on the Month Ahead

The economy grew at a rate exceeding 3.0% in the first quarter, according to the initial estimate of the GDP. May's GDP report will have more complete information and may show that growth wasn't quite so robust, as consumer spending appears to be slowing. Nevertheless, the stock market could get a boost if exports continue to outpace imports and progress is made toward a trade resolution with China. Looking ahead, investors may see the Fed hike interest rates if the economy picks up steam.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: 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). 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. 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.

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