

MONTHLY MARKET REPORT

MAY 2019

US MARKETS

Stocks extended their rally this year on the heels of reinvigorated economic strength and better-than-expected corporate earnings, setting record highs in April.

The Dow Jones Industrial Average gained 2.56 percent, while the Standard & Poor's 500 Index picked up 3.93 percent. The NASDAQ Composite led, bounding 4.90 percent higher.¹



We could all use a little coaching. When you're playing the game, it's hard to think of everything.

Jim Rohn, entrepreneur, author and speaker

Entering the month, investors were worried after the release of a poor February jobs report and other disappointing economic data. But sentiment quickly reversed, following a wave of upbeat news.

INVESTOR ENTHUSIASM

The early-month rally was supported by comments that a trade deal may be imminent. Stocks inched higher, as earnings season began on a mixed note. But as more companies reported, investor enthusiasm increased as more firms checked in with better-than-expected numbers and raised 2019 guidance.

Strong earnings reports suggest to some investors that the consensus view of first-quarter economic growth may have been overly pessimistic.

EARNINGS, EARNINGS, EARNINGS

Through April 26th, 46 percent of companies in the S&P 500 index had reported earnings for the January-through-March quarter. Of those, 77 percent posted earnings above estimates; though, there was a sprinkling of big disappointments, according to FactSet Research.²

APRIL HIGHS

Investors powered the S&P 500 and NASDAQ Composite indices to new all-time highs, just as the market was entering the busiest stretch of the earnings season. As more companies reported, S&P 500 and NASDAQ Composite both set yet another record close on the final trading day of the last full week in April.

Overall, stocks were mixed at the month's closing: the S&P 500 ended at a record high, while the NASDAQ pulled back from its historical top.

SECTOR SCORECARD

Most industry sectors ended the month in the positive column, led by gains in Communication Services (+9.51 percent), Financials (+8.83 percent), and Technology (+6.19 percent). Gainers also included Consumer Discretionary (+5.62 percent), Consumer Staples (+1.68 percent), Energy (+0.06 percent), Industrials (+3.56 percent), and Materials (+2.63 percent). Losses were felt in Health Care (-3.16 percent), Real Estate (-1.66 percent), and Utilities (-0.70 percent).³

U.S. Market Recap for April 2019



S&P 500	NASDAQ	Russell 1000	10-Year Treasury
↑ 3.9%	↑ 4.9%	↑ 3.9%	↑ 2.51%
Month	Month	Month	Month
↑ 17.5%	↑ 22.2%	↑ 17.9%	↓ -0.18%
Year-to-Date	Year-to-Date	Year-to-Date	Year-to-Date

Yahoo Finance, April 30, 2019. The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid.

WHAT INVESTORS MAY BE TALKING ABOUT IN JUNE

In part, the stock market's advance this year has been powered by the Fed's wait-and-see policy on interest rates and an improving outlook for a China-U.S. trade deal. But as one set of worries appears to fade, new ones tend to emerge.

Investors may be paying close attention to upcoming reports, including second-quarter Gross Domestic Product. They also are expected to keep a close eye on inflation reports and whether March's increase in the Consumer Price Index is an aberration or the beginning of a sustained period of higher prices.

GOLDILOCKS ECONOMY

For now, it appears that markets may be happy with a "just right" Goldilocks economy: cool enough not to spark rising prices or prompt the Fed to take action, but warm enough to avoid chilled company profits or fiscal sluggishness.

In the weeks ahead, reports may be judged by one simple standard: is the news "just right?"

WORLD MARKETS

The MSCI-EAFE Index gained 2.2 percent on hopes that the continuing economic recovery in China would spark higher economic growth in otherwise struggling economies in the eurozone.⁴

Despite weak economic numbers and no resolution on Brexit, developed markets in Europe managed gains on good economic data out of China (which represents an important importer of European goods) and a positive start to their earnings season, with France gaining 4.4 percent, Germany increasing 5.7 percent, and the United Kingdom moving up 1.4 percent.⁵

Stock gains in the Pacific Rim markets were solid, with Australia advancing 3.2 percent, and Japan, 5.0 percent.⁶

World Market Recap for April 2019



EMERGING MARKETS	APRIL	YEAR-TO-DATE
Hang Seng (China)	↑ 0.3%	↑ 14.9%
Kospi (Korea)	↑ 7.6%	↑ 12.9%
Nikkei (Japan)	↑ 5.0%	↑ 11.2%
Sensex (India)	↑ 1.3%	↑ 8.2%
Jakarta Composite (Indonesia)	↓ -0.2%	↑ 4.2%
Bovespa (Brazil)	↑ 1.0%	↑ 9.6%
IPC All-Share (Mexico)	↑ 3.0%	↑ 7.1%
Merval (Argentina)	↓ -11.6%	↓ -2.4%
ASX 200 (Australia)	↑ 3.2%	↑ 12.9%
EUROPE		
DAX (Germany)	↑ 5.7%	↑ 16.9%
CAC 40 (France)	↑ 4.4%	↑ 18.1%
Dow Jones Russia Index (Russia)	↑ 4.7%	↑ 17.4%
FSTE 100 (Great Britain)	↑ 1.4%	↑ 9.9%

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INDICATORS

GROSS DOMESTIC PRODUCT

Economic growth in the first quarter surprised investors and economists, alike. The Bureau of Economic Analysis announced that the economy grew at a 3.2 percent

annualized pace in the first quarter, despite the headwinds of a government shutdown in January and an inclement February.⁷

EMPLOYMENT

Job growth staged a strong rebound from February's weak number, as nonfarm payrolls increased by 196,000 in March. The rate of wage gains slowed a bit, rising 3.2 percent year-over-year. The unemployment rate was unchanged at 3.8 percent.⁸

RETAIL SALES

Retail sales declined 0.2 percent in February, while January retail sales were revised higher, from 0.2 percent to 0.7 percent.⁹ Consumer spending rebounded strongly in March, rising 1.6 percent – the largest monthly jump since September 2017.¹⁰

INDUSTRIAL PRODUCTION

Output of domestic factories, mines and utilities fell 0.1 percent in March, weighed down by a slowing global economy.¹¹

HOUSING

Housing starts slipped 0.3 percent in March.¹² Existing homes sales slid 4.9 percent, with declines occurring in all geographic regions.¹³ New home sales rose 4.5 percent, an upside surprise given the consensus view that expected a 2.5 percent decline.¹⁴

CONSUMER PRICE INDEX

Driven higher by a spike in energy costs, the Consumer Price Index rose by 0.4 percent in March. For the 12 months ended March, consumer prices increased 1.9 percent.¹⁵

DURABLE GOODS ORDERS

The initial estimate of orders for long-lasting goods declined 1.6 percent in February, weighed down by a sharp drop in aircraft orders.¹⁶ March orders of durable goods jumped by 2.7 percent. For the first quarter, durable goods orders are 3.0 percent higher versus the same time period last year.¹⁷

THE FED

Minutes from the Federal Open Market Committee meeting in March provided further evidence that Fed officials remain comfortable with its pause in rate hikes.

Fed officials noted in the minutes that there appears little reason to raise rates amid an environment of stable, within-target inflation and recent signs of global economic weakening.¹⁸

BY THE NUMBERS

BOOKS AND READING



Number of printed books
sold last year

Ebooks sold

108 MILLION₂₂

Audiobooks sold

1 MILLION₂₃

Self-published books sold

4₁₉

Average number of books
Americans read in a year

50₂₄

Number of books Bill Gates reads
every year

17 MINUTES₂₅

Time people spend
reading every day

165

MINUTES₂₅

Amount of time
Americans spend
watching TV every day

\$26 BILLION₂₁

Size of the book publishing industry in 2018

\$13 BILLION₂₆

Price of a U.S. Navy Supercarrier

**THE HOBBIT/LORD
OF THE RINGS
TRILOGY**₂₇

Best-selling fiction book

250 MILLION₂₇

Number of copies sold

**INFLUENCE,
BY ROBERT
CIALDINI**₂₈

Book widely considered the most influential in business

**3 MILLION IN
30**

LANGUAGES₂₈

Copies sold



650
MILLION₂₉
Number of Dr. Seuss
books sold

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Please consult your financial advisor for additional information.

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