

WeeklyMarket Update



General Market News

- The 10-year Treasury was down on Monday morning, opening at 2.58 percent. This is its lowest level since January 3, when it hit 2.55 percent. The 2-year, 5-year, and 30-year Treasuries opened at 2.43 percent, 2.40 percent, and 3.02 percent, respectively. The short end of the curve remains inverted, with the 2-year Treasury yielding more than the 5-year. The long end of the curve remains about 60 basis points over the short end of the curve.
- The markets were up across the board last week. The Dow Jones Industrial Average lagged, as Boeing fell by more than 10 percent following the second crash of its new 737 MAX 8 aircraft.
- The news surrounding the U.S.-China trade talks was relatively quiet, with expectations for a deal to be pushed out to at least April. Chinese Premier Li Keqiang suggested that additional monetary, regulatory, and stimulus measures would be taken to counter recent pressures on the country's economic growth. This follows a dovish trend from central banks worldwide.
- Last week was packed with economic data releases. On Monday, January's retail sales data came in better than expected, with 0.2-percent growth. This was a strong result following a decline in December.
- On Tuesday, February's Consumer Price Index was released. Consumer inflation grew by 0.2 percent during the month, leading to an annual increase of 1.5 percent. On Wednesday, the Producer Price Index had similar results, with a 0.1-percent monthly growth rate leading to an annual increase of 1.9 percent.
- On Thursday, new home sales in January disappointed, falling by 6.9 percent. Economists expected modest growth, so this large decline is concerning.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	2.95	1.46	13.11	4.80
Nasdaq Composite	3.81	2.13	16.16	3.89
DJIA	1.64	-0.13	11.47	6.35
MSCI EAFE	2.81	1.13	10.53	-4.51
MSCI Emerging Markets	2.67	0.68	9.76	-10.57
Russell 2000	2.13	-1.30	15.51	-0.12

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.71	1.72	3.72
U.S. Treasury	0.67	0.87	3.52
U.S. Mortgages	0.65	1.35	4.02
Municipal Bond	0.50	1.80	4.57

Source: Morningstar Direct



What to Look Forward To

Next week will be a slow one for economic news, consisting of housing reports and the regular meeting of the Federal Reserve (Fed).

On Monday, the National Association of Home Builders will release its industry survey. It is expected to rise from 62 to 63, reflecting continued moderate confidence in the homebuilding market. With interest rates declining, affordability is showing improvement, making such an increase seem pretty reasonable.

On Wednesday, the regular meeting of the Federal Open Market Committee will conclude with the release of the policy announcement and a press conference with Fed Chair Jerome Powell. Expectations are for the Fed to hold steady on interest rates, but the focus will be on whether and how the future projections for economic growth and rate changes have shifted. Weak inflation data from last week, as well as slowing economic growth in the first quarter, support expectations that the Fed

What to Look Forward To (continued)

will dial back its projects and that rate increases will remain on hold.

On Friday, the existing home sales report is expected to increase from \$4.9 million to \$5.1 million in sales on an annualized basis. Such an improvement would

indicate that the housing market is stabilizing after a slowdown. This result would be consistent with the rise in affordability and would be a positive economic indicator.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. Rev. 03/19.

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