MAY 28, 2019

Weekly Market Update

General Market News

- Last week, rates continued to move lower across the curve. The 10-year Treasury, which was as high as 2.47 percent a little over two weeks ago, opened at 2.28 percent early Monday morning. Last week, the 30-year Treasury was at 2.85 percent and was as high as 3 percent four weeks ago; it opened at 2.71 percent on Monday. The 2-year Treasury, which was as high as 2.26 percent last week and 2.37 percent two weeks ago, opened at 2.14 percent. The ongoing trade tensions, coupled with slower economic numbers and expectations, have driven some investors to safety, which has resulted in the recent change in rates.

- Global markets posted losses again last week, and the S&P 500 posted its third straight weekly loss. Recent trade tensions between the U.S. and China have seen investors flock to safer assets. The top-performing sectors were utilities, health care, and REITs. Those that were among the worst performers were the more cyclical sectors in energy, technology, and consumer discretionary.

- Alphabet (GOOG/GOOGL) and chip makers Broadcom (AVGO) and Xilinx (XLNX) were among the names that sold off due to a halt on chip supply and software service to Huawei following a ban by the Trump administration. Concerns were eased somewhat with the 90-day exemption given to certain Huawei suppliers. It remains to be seen if both the Huawei ban and the trade tensions will ease or if they will continue to linger.

- Last week saw the release of only a few important economic data points. On Tuesday, April's existing home sales fell by 0.4 percent. This was disappointing, as economists had expected modest growth in sales.

- On Thursday, the results were much the same for new home sales, as they fell by 6.9 percent in April.

- Finally, on Friday, April's durable goods orders declined by 2.1 percent. This was in line with expectations for a 2 percent drop.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	−1.14	−3.87	13.67	5.71
Nasdaq Composite	−2.28	−5.53	15.61	3.99
DJIA	−0.63	−3.48	10.79	5.57
MSCI EAFE	−0.48	−2.89	10.08	−5.12
MSCI Emerging Markets	−0.86	−8.37	2.90	−10.54
Russell 2000	−1.39	−4.75	12.85	−5.72

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.85	3.84	5.98
U.S. Treasury	1.15	2.99	5.73
U.S. Mortgages	0.73	2.85	5.42
Municipal Bond	0.98	4.29	6.48

Source: Morningstar Direct

What to Look Forward To

This week is a short one with the Memorial Day holiday, but we still have several important data releases.

On Tuesday, the Conference Board Consumer Confidence Index is expected to tick up slightly. It should go from 129.2 in April to 130.2 for May, which would remain a very high level. This result would also be consistent with the recent 15-year high in the University of Michigan consumer confidence survey. As such, it would be a positive signal for the economy.

On Thursday, we get the second estimate of economic growth in the first quarter of 2019. It is expected to come in at 3.1 percent, slightly below the initial 3.2 percent estimate. More interesting will be whether the composition of growth changes significantly to a more sustainable mix. If the number comes in as expected, it will confirm a surprisingly strong result.

On Friday, we will see the personal income and spending report. Income growth is expected to show an acceleration from

What to Look Forward To (continued)

0.1 percent in March to 0.2 percent for April. There will likely be a decrease in spending growth, from 0.9 percent in March to a more sustainable 0.2 percent for April, on a decline in auto sales and utility spending due to mild weather.

If the numbers come in as expected, they would indicate continued sustainable growth consistent with strong consumer confidence, which would be positive.

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