

The Markets (as of market close May 3, 2019)

Stocks "labored" for much of last week only to rally following a strong employment report. That report, coupled with the Fed holding interest rates steady, gave investors the confidence to stay in the "game" a little longer. Other than the Dow, each of the benchmark indexes listed here posted moderate gains by week's end, led by the Russell 2000. While the Nasdaq bumped up a little less than a quarter of a point last week, it was enough to push that index to another record high. Equally impressive is the year-to-date performance of the stock market. The Nasdaq is more than 23.0% above its 2018 closing value, while the Russell 2000 is close to 20.0% higher.

Oil prices fell slightly last week, closing at \$61.87 per barrel by late Friday, down from the prior week's closing price of \$62.80 per barrel. The price of gold (COMEX) fell last week, closing at \$1,280.10 by Friday evening, down from the prior week's price of \$1,288.40. The national average retail regular gasoline price was \$2.887 per gallon on April 29, 2019, \$0.046 higher than the prior week's price and \$0.041 more than a year ago.

| Market/Index | 2018 Close | Prior Week | As of 5/3 | Weekly Change | YTD Change |
|-------------------------------|-----------------|-----------------|-----------------|---------------|------------|
| DJIA | 23327.46 | 26543.33 | 26504.95 | -0.14% | 13.62% |
| Nasdaq | 6635.28 | 8146.40 | 8164.00 | 0.22% | 23.04% |
| S&P 500 | 2506.85 | 2939.88 | 2945.64 | 0.20% | 17.50% |
| Russell 2000 | 1348.56 | 1591.82 | 1614.02 | 1.39% | 19.68% |
| Global Dow | 2736.74 | 3084.44 | 3097.28 | 0.42% | 13.17% |
| 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% | 2.49% | 2.52% | 3 bps | -16 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

- As expected, the Federal Open Market Committee maintained interest rates at their present level. The Committee noted that the labor market remains strong and that economic activity rose at a solid rate. However, growth of household spending and business fixed investment slowed in the first quarter. As to the prospect of future rate increases, the FOMC determined that it would be patient in light of global economic and financial developments and inflation running below its 2% objective.
- April saw a whopping 263,000 new jobs added, and the unemployment rate dropped 0.2 percentage point to 3.6% — the lowest rate since December 1969. The April tally far exceeded the average monthly gain over the prior 12 months of 213,000. Notable job gains occurred in professional and business services (76,000), construction (33,000), health care (27,000), and social assistance (26,000). Employment in manufacturing changed little for the third month in a row, evidencing a stagnant manufacturing sector. The number of unemployed persons decreased by 387,000 to 5.8 million. The labor force participation rate declined by 0.2 percentage point to 62.8% in April but was unchanged from a year earlier. The employment-population ratio was unchanged at 60.6% in April and has been either 60.6% or 60.7% since October 2018. In April, average hourly earnings rose by \$0.06 to \$27.77. Over the year, average hourly earnings have increased by 3.2%. The average workweek decreased by 0.1 hour to 34.4 hours in April.
- Personal income grew marginally in March, increasing 0.1% over February, according to the latest figures from the Bureau of Economic Analysis. Disposable (after-tax) income was effectively unchanged in March. On the income side of the report, wages and salaries grew 0.4%, and rental income increased 1.0%. Consumer costs for goods and services rose 0.2% in March. However, excluding food and energy, prices increased less than 0.1%. Consumer spending, as measured by personal consumption expenditures, increased 0.9% in March following a 0.1% bump in February. Of all the household expenditures for March, consumer spending on goods rose 1.7%, while spending on services increased 0.5%.

- The international trade in goods (not including services) deficit for March was \$71.3 billion, up \$0.5 billion from February. Exports of goods in March were \$1.4 billion more than February exports. Imports of goods were \$2.0 billion more than February imports.
- The IHS Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.6, up slightly from March's recent low of 52.4. Manufacturing increased moderately in April as new orders increased from March's dreary totals. Although new business grew at a faster pace, the rate of job creation eased in April.
- The Institute for Supply Management® also conducts a survey of purchasing managers. According to the report, survey respondents were not bullish on their assessment of the manufacturing sector in April. The PMI® fell 2.5 percentage points from its March reading. New orders, production expansion, prices, and employment all fell behind their March ratings. Only supplier deliveries and inventories advanced in April.
- In the services sector, purchasing and supply executives indicated that business activity increased in April. However, new orders, employment, and prices fell off from the prior month.
- For the week ended April 27, there were 230,000 claims for unemployment insurance, unchanged from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended April 20. The advance number of those receiving unemployment insurance benefits during the week ended April 20 was 1,671,000, an increase of 17,000 from the prior week's level, which was revised down by 1,000.

Eye on the Week Ahead

The trade deficit has been shrinking through February. Out this week is the international trade report for March. A further narrowing of the trade deficit would be good news for investors.

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. Content provided by Broadridge Investor Communication Solutions, Inc.