

THE WEEK IN REVIEW

The S&P 500 and Nasdaq were able to end the week in positive territory, gaining 0.51% and 0.57% respectively. Earnings season kicked off on Friday as JPMorgan and Wells Fargo announced first quarter results. JPMorgan, the nation's largest bank by assets, reported a 5% increase in profits and beat analysts' estimates. Those results relieved some investors who feared that the Federal Reserve's recent shift to a more reserved approach to raising interest rates has created headwinds for the banking sector's profitability. Investors are waiting for a clearer earnings picture with more quarterly results scheduled for next week including: Goldman Sachs, Citigroup, and Johnson & Johnson. Profits of companies in the S&P 500 are projected to decline 4.3% in the first quarter from a year ago according to FactSet.

The Consumer Price Index increased 0.4% for March over the prior month. Approximately 60% of the increase was due to higher energy prices, primarily gasoline and electricity. Excluding food and energy, core consumer prices increased 0.1%. The March report brings inflation to 1.9% over the prior year. While we saw an increase in inflation in the first half of 2018, we have yet to see much of a rebound after the slowdown in the second half of 2018. This is despite rising wages and higher prices on certain goods due to U.S. tariffs.

The lack of inflation seems to support the Federal Reserve's more cautious shift in monetary policy. The March FOMC minutes released this week noted, "A majority of participants expected that the evolution of the economic outlook and risks to the outlook would likely warrant leaving the target range unchanged for the remainder of the year." The minutes indicate officials are unlikely to raise rates anytime soon due to perceived risks to the U.S. economy from slowing global growth and a lack of inflationary pressure. However, officials did not see a reason to cut rates and felt the current range between 2.25%-2.50% is adequate given economic data. The minutes highlight some concern regarding weaker consumer spending, housing activity, and business investment. In addition to the first large batch of first quarter earnings on tap for next week, investors will pay close attention to March retail sales and March housing starts.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Consumer Price Index (YoY)	1.9%	1.9%	-
Producer Price Index (YoY)	2.2%	2.5%	▼
U. of Mich. Consumer Sentiment	96.9%	91.2%	▲
Initial Jobless Claims (Thousands)	196	227	▼
Durable Goods Orders	-1.6%	0.9%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26412.30	-0.05%	13.22%	7.88%
NASDAQ	7984.16	0.57%	20.33%	11.82%
S&P 500	2907.41	0.51%	15.98%	9.14%
MSCI EAFE	1909.60	-0.09%	11.03%	-6.27%
Bbg Barclays Aggregate US	2102.25	0.08%	2.72%	4.51%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.42%	2.42%	2.44%	1.74%
10-Year Treasury	2.56%	2.50%	2.60%	2.84%

REPORTS DUE NEXT WEEK	LATEST
Housing Starts (Thousands)	1162
Initial Jobless Claims (Thousands)	196
Industrial Production (MoM)	0.1%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.