



FINANCIAL MARKET UPDATE

4/13/18

THE WEEK IN REVIEW

U.S. stocks edged higher this week, as earnings season kicked off with several major financial sector companies reporting on Thursday and Friday. The S&P 500 Index advanced 2.0% on the week, while the Dow Jones Industrial Average climbed 427.38 points, or 1.8%. Major banks JPMorgan Chase & Co and Citigroup Inc. reported strong starts to 2018 with all business segments performing well across the board. European equities were higher as the global trade and geopolitical environment remained positive. Yields on the benchmark U.S. Treasury bond climbed modestly higher, and the trade-weighted U.S. dollar remained steady, while gold and crude oil prices trended higher.

Consumer sentiment pulled back slightly from its 14-year high. The University of Michigan Consumer Sentiment Index fell to 97.8 from its high of 101.4 in March over concerns regarding White House trade policy. Americans filed 233,000 jobless claims in the week of April 7. The number is trending higher than expected, with the four week average at 230,000 and approximately 10,000 above one month ago.

The Core Consumer Price Index (CPI), which excludes volatile food and energy costs, rose 2.1% from March 2017, the largest gain in the past year. Nearly half of the acceleration in annual core CPI was driven by the mobile phone services category as last year's surprising weakness dissipated. Mobile phone service prices dropped a record 7% in March 2017 which dragged down the core CPI reading. Headline CPI decreased 0.1% from February due to a drop in gasoline prices, and overall prices rose at an annual rate of 2.4%.

Federal Reserve officials shifted toward a moderately faster pace of policy tightening at their March meeting as their growth forecast and confidence in reaching their inflation target improved. The meeting minutes portrayed officials attempting to match a policy to an economy that is benefiting from increased government spending and tax cuts at a time when unemployment is low and growth remains high. Overall, the strategy appears to be continuing to increase rates at a gradual pace until further economic signals clearly show the need for faster policy tightening.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Consumer Price Index (YoY)	2.4%	2.1%	▲
Producer Price Index (YoY)	3.0%	2.6%	▲
JOLTS Job Openings (Millions)	6.052	5.933	▲
NFIB Small Business Optimism	104.7	104.9	▼
U. of Mich. Consumer Sentiment	97.8	95.7	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24360.14	1.79%	-1.45%	19.10%
NASDAQ	7106.65	2.77%	2.94%	22.42%
S&P 500 Large Cap	2656.30	1.99%	-0.65%	14.06%
MSCI EAFE	2037.43	1.20%	-0.65%	14.47%
Barclays Aggregate US	2011.59	-0.19%	-1.70%	0.03%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.75%	1.70%	0.80%
10-Year Treasury	2.82%	2.84%	2.24%

REPORTS DUE NEXT WEEK	LATEST
Housing Starts (Millions Annualized)	1.236
Existing Home Sales (Millions Annualized)	5.540
Industrial Production (monthly)	1.0%
Retail Sales (YoY)	4.0%

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

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