



## THE WEEK IN REVIEW

Despite losses early in the week, the Dow Jones Industrial Average and S&P 500 Index rallied on Friday to end the week just off of last week's close. The 10-year U.S. Treasury tightened below 3.0% late in the week which, coupled with Friday's employment report pointing to a tighter labor market, boded well for domestic equities. S&P 500 earnings continued to show broad-based strength, led this week by Apple Inc. which surprised on the upside with both top and bottom-line growth coming in above the consensus. The strong quarter was highlighted by plans to increase capital return to shareholders as well as accelerating revenue growth in the iPhone and services segments, which were up 14% and 31% year over year, respectively.

The Federal Reserve held its key interest rate steady Wednesday but noted that inflation has climbed close to its 2.0% goal, paving the way for another potential rate hike in June. As expected, the Fed kept its benchmark short-term interest rate at a range of 1.50% to 1.75%. Perhaps most significantly, the committee noted that "overall inflation and inflation for items other than food and energy have moved close to 2.0%." That was an upgrade from the March meeting in which the FOMC said the indicators "have continued to run below 2.0%." This change of language is important, as Fed officials consider 2.0% to be a healthy level of inflation and a key for continuing to push rates higher.

U.S. job growth increased less than expected in April but the unemployment rate dropped to a near 18-year low of 3.9% as some jobless Americans left the labor force. The Labor Department's report on Friday also showed wages barely rose last month, which could ease concerns that inflation pressures are rapidly building up, keeping the Fed on a gradual path of monetary policy tightening. Nonfarm payrolls increased by 164,000 jobs last month and data for March was revised up to show payrolls rising by 135,000 jobs instead of the previously reported 103,000. The drop of two-tenths of a percentage point in the unemployment rate from 4.1% in March pushed it to a level last seen in December 2000 and within striking distance of the Fed's forecast of 3.8% by the end of this year.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing	57.3	59.1	▼
ISM Non-Manufacturing	56.8	59.9	▼
Non-Farm Payrolls	164,000	176,000	▼
Unemployment Rate	3.9%	4.1%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24262.51	-0.20%	-1.85%	15.80%
NASDAQ	7209.62	1.26%	4.44%	18.67%
S&P 500 Large Cap	2663.42	-0.24%	-0.38%	11.46%
MSCI EAFE	2026.73	-0.79%	-1.17%	9.36%
Barclays Aggregate US	1999.47	0.00%	-2.29%	-0.14%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.83%	1.70%	0.87%
10-Year Treasury	2.95%	2.80%	2.35%

REPORTS DUE NEXT WEEK	LATEST
Consumer Price Index (YoY)	2.4%
Producer Price Index (YoY)	3.0%
JOLTS Job Openings (Millions)	6.052

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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