

## THE WEEK IN REVIEW

The major U.S. stock indexes recorded modest gains in a holiday-shortened week led by the Nasdaq Composite's 0.7% advance. The utilities, materials and technology sectors were the three top performing S&P 500 groups, while the healthcare and energy sectors were the worst weekly performers. Asian equity markets were top global performers this week, as positive comments from U.S. and Chinese trade negotiators helped propel weekly gains of 5.4% in the Shanghai composite and a 2.5% advance in the Japanese Nikkei. In fixed income markets, yields on the benchmark U.S. 10-year Treasury note traded in a range between 2.62% and 2.69%, while U.S. crude oil prices advanced nearly 3% to push above \$57 per barrel in afternoon trading on Friday.

The minutes from the Federal Open Market Committee's January meeting released this week reiterated the central bank's new, more patient, policy stance as their guidance on further rate hikes in 2019 shifted from hawkish to neutral. A closely watched topic at this meeting was the status of the Federal Reserve's balance sheet. Nearly all officials said that although they expect to keep rates steady for now, they are in favor of reducing the current pace of balance sheet reductions sometime later in 2019. Market commentators have suggested that by taking this step, Fed policymakers could significantly reduce uncertainty about how much more liquidity the central bank will remove in future years.

Fifty-one S&P 500 stocks reported quarterly results this week, headlined by Walmart Inc. and CVS Health Corp. Walmart shares rallied on Tuesday after reporting adjusted earnings per share that exceeded analysts' estimates by 5.5%, only to give up those gains later in the week after U.K. competition regulators were expected to reject J. Sainsbury Plc's planned \$9.5 billion purchase of Walmart-owned British grocery chain Asda Group Ltd. In the consumer healthcare area, CVS Health Corp. saw its shares decline 8.1% on Wednesday after the company forecast adjusted earnings per share for 2019 below the lowest analyst estimate. The forecast which CVS Health management provided implied more challenges and costs than expected in the near term related to its \$70 billion November 2018 acquisition of health insurer Aetna.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Housing Starts (Millions Annualized)	1.26	1.28	▼
Durable Goods Orders	1.2%	0.0%	▲
Existing Home Sales (Millions Annualized)	4.9	5.2	▼
Leading Economic Indicators	3.5%	5.2%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26031.81	0.57%	11.59%	4.28%
NASDAQ	7527.55	0.74%	13.45%	4.40%
S&P 500 Large Cap	2792.67	0.62%	11.40%	3.28%
MSCI EAFE	1867.01	1.46%	8.55%	-9.27%
Barclays Aggregate US	2067.20	-0.09%	1.01%	3.44%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.44%	2.42%	2.39%	1.63%
10-Year Treasury	2.65%	2.66%	2.74%	2.92%

REPORTS DUE NEXT WEEK	LATEST
Conf. Board Consumer Confidence	120.2
U. of Mich. Consumer Sentiment	95.5
ISM Manufacturing	56.6
GDP (QoQ Annualized)	3.4%

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