

THE WEEK IN REVIEW

The S&P 500 Index traded in a relatively narrow range between 2,890 and 2,915 during a holiday-shortened week as first quarter earnings season began in earnest. The industrials and consumer staples sectors were the best performing areas of the broad market, while the real estate and healthcare sectors were the biggest laggards. The U.S. bond market was mostly calm, as yields on the benchmark U.S. 10-year Treasury bond finished the week at 2.56%, which was their closing level last Friday. In commodities markets, crude oil prices digested month-to-date gains and traded near \$64 per barrel all week. Most of the 49 S&P 500 companies that reported first quarter results this week exceeded profit expectations. Yet, this market tailwind was offset by significant weakness in the healthcare sector related to concerns about the potential effects on the business models of healthcare providers and insurers of presumptive Democratic Presidential primary candidates' healthcare reform agendas.

In the real economy, U.S. retail sales grew in March at a better-than-expected 1.6% clip, rebounding nicely from a disappointing 0.2% decline in February. This was the largest month-over-month jump in U.S. retail sales since September 2017. The growth was well diversified, with twelve of the thirteen major retail categories experiencing an increase. Sporting goods and hobby stores were the only areas that experienced a decline in overall sales during March.

The potential healthcare policy headwinds permeating through markets this week notwithstanding, Johnson & Johnson Co. reported strong first quarter earnings results Tuesday morning. The pharmaceuticals and devices giant surpassed analysts' expectations for both earnings per share (EPS) and revenue in the first quarter. Management also raised their 2019 guidance for sales from a range of 2.0%-3.0% to 2.5%-3.5% and the low end of their adjusted 2019 EPS from a range of 3.9% to 4.3%. Johnson & Johnson shares outperformed the S&P 500 healthcare sector by 5.5% on the week.

In the consumer sector, PepsiCo Inc. reported strong first quarter results before the market opened on Wednesday driven by momentum in their Frito-Lay North America segment. For the quarter, EPS and revenue for the beverage and snacks giant exceeded analysts' expectations by 6.1% and 1.5%, respectively. PepsiCo Inc. outperformed the S&P 500 consumer staples sector by 2.9% this week.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Housing Starts (Thousands)	1.162	1.206	▼
Initial Jobless Claims (Thousands)	192	217	▼
Retail Sales (MoM)	1.6%	-1.6%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26559.54	0.56%	13.86%	7.32%
NASDAQ	7998.06	0.17%	20.54%	9.63%
S&P 500 LargeCap	2905.03	-0.08%	15.88%	7.25%
MSCI EAFE	1928.10	0.65%	12.11%	-6.63%
Bbg Barclays Aggregate US	2096.13	-0.09%	2.42%	4.35%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.41%	2.42%	2.43%	1.81%
10-Year Treasury	2.56%	2.50%	2.60%	2.87%

REPORTS DUE NEXT WEEK	LATEST
Existing Home Sales (Millions Annualized)	5.51
Durable Goods Orders	-1.6%
Real GDP (QoQ Annualized)	2.2%

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