ATG TRUST COMPANY

FINANCIAL MARKET UPDATE
4/26/19

THE WEEK IN REVIEW

Corporate earnings were the main focus among investors this week. This was the busiest week of the first quarter earnings reporting season with more than 140 S&P 500 companies releasing quarterly results. The S&P 500 experienced subdued moves mid-week as gains in stocks that reported better-than-expected earnings were largely offset by declines in stocks that reported disappointing results. Favorable earnings reports on Tuesday and strong first quarter U.S. economic growth propelled the S&P 500 to a record close of 2,939.88, surpassing the previous high set on September 20, 2018.

Oil prices were volatile this week, increasing by about 3.5% during the first two days of the week following Monday's announcement by President Trump that on May 2 the U.S. would end waivers which allowed countries to import oil from Iran despite U.S. sanctions. Oil prices subsequently declined as much as 4% on Friday after President Trump said he told OPEC to bring down fuel costs. The S&P 500 energy sector fell 1.2% on Friday amid lower oil prices and a weaker-than-expected earnings report from the sector's largest member, Exxon Mobil.

Friday saw the release of U.S. first quarter 2019 Gross Domestic Product (GDP), which surpassed even the highest estimate among surveyed economists, coming in at an annual growth rate of 3.2%. While the report appeared positive on the surface, upon further investigation some caveats emerged. Rising inventory levels due to households and businesses buying fewer goods helped boost GDP in the first quarter. This is likely to weigh on future GDP readings as inventory levels normalize. Consumption slowed significantly, and residential investment fell for a fifth straight quarter, offsetting some of the upside surprise to GDP.

A more significant story for the markets was the change in the core Personal Consumption Expenditure (PCE) Price Index, the Fed's preferred measure of inflation, which during the first quarter fell significantly from the prior quarter. The core PCE Price Index went from 1.8% in the fourth quarter, near the Fed's 2% target, to 1.3% in the first quarter, suggesting monetary policy may need to be less restrictive going forward. In fact, the fed funds futures market now predicts a 66% chance of a rate cut by the end of the year, an increase of 5% from yesterday and 15% from this Monday.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized	5.21	5.00	▲
New Home Sales (Thousands Annualized	692	562	▲
Real GDP (QoQ Annualized)	3.2%	2.2%	▲
U. of Mich. Consumer Sentiment	97.2	91.2	▲
Durable Goods Orders	2.7%	1.3%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26543.33	-0.06%	13.79%	9.13%
NASDAQ	8146.40	1.85%	22.77%	14.44%
S&P 500 LargeCap	2939.88	1.20%	17.27%	10.23%
MSCI EAFE	1910.87	-0.52%	11.10%	-6.16%
Bbg Barclays Aggregate US	2103.51	0.19%	2.78%	5.43%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.41%	2.41%	2.45%	1.81%
10-Year Treasury	2.50%	2.56%	2.42%	2.98%

REPORTS DUE NEXT WEEK	LATEST
Personal Spending (YoY)	3.7%
Core PCE Price Index (YoY)	1.8%
Non-Farm Payrolls	196,000
Unemployment Rate	3.8%
ISM Manufacturing	55.3

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