

THE WEEK IN REVIEW

Trade deal progress and positive earnings results helped the S&P 500 post its third consecutive week of gains to close within 0.1% of its all-time closing high. Both the Nasdaq composite and Dow Jones Industrial Average also benefited from better-than-expected earnings, with returns this week of 1.9% and 0.7%, respectively. According to Bloomberg data, of the 201 S&P 500 companies that reported results before Friday's opening bell, roughly 82% have exceeded analysts' earnings estimates. Bloomberg data indicate that blended year-over-year earnings growth of companies that already reported and estimated results for companies yet to report is -2.8%. This is slightly better than analysts' consensus estimate of -3.6% in the first week of October.

In the technology sector, Microsoft (MSFT) reported better-than-expected first quarter results on the top and bottom line, as the company's public cloud business, Azure, delivered 59% revenue growth. Shares of Biogen (BIIB) rose nearly 31% this week after the biotechnology company reported Tuesday morning that it significantly beat earnings estimates. More importantly, the company also indicated that its experimental therapy for Alzheimer's will restart the regulatory approval process after it was cancelled earlier this year.

On the trade policy front, White House adviser Larry Kudlow hinted tariffs on Chinese goods scheduled for December could be withdrawn if progress continues. Officials from the U.S. and China spoke by phone today in hopes of furthering progress on the "phase one" trade agreement. Following the call, U.S. Trade Representative Robert Lighthizer's office reported "they made headway on specific issues and the two sides are very close to finalizing some sections of the agreement."

U.S. home sales fell more than expected in September as the housing market continues to lack a steady supply of properties for sale. The National Association of Realtors announced that existing home sales fell 2.2% to a seasonally adjusted annual rate of 5.38 million units, ending two straight months of gains. The U.S. Federal reserve has cut interest rates twice this year, which has helped boost the housing market by lowering mortgage rates. Reports for both the headline and core durable goods orders missed expectations in September, falling 1.1% and 0.5%, respectively. A slowdown in the U.S. manufacturing sector and uncertain trade policies negatively impacted results.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Durable Goods Orders	-1.1%	1.8%	▼
Existing Home Sales (Millions Annualized)	5.380	5.290	▲
New Home Sales (Thousands Annualized)	701	729	▼
U. of Mich. Consumer Sentiment	95.5	98.4	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26958.06	0.70%	15.56%	7.90%
NASDAQ	8243.12	1.90%	24.23%	12.64%
S&P 500	3022.55	1.22%	20.57%	11.72%
MSCI EAFE	1941.92	1.14%	12.91%	8.84%
Bbg Barclays Aggregate US	2217.15	0.00%	8.33%	10.75%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.66%	1.88%	2.32%
10-Year Treasury	1.80%	1.74%	3.12%

REPORTS DUE NEXT WEEK	LATEST
Non-Farm Payrolls	136,000
Average Hourly Earnings (YoY)	2.9%
Unemployment Rate	3.5%
GDP (QoQ Annualized)	2.0%
ISM Manufacturing	47.8

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