

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.417 (1.0 bps)	GNMA (30 Yr) 6% Coupon:	105-18/32 (4.20%)
6 Mo. T-Bill:	2.448 (0.8 bps)	Duration:	3.76 years
1 Yr. T-Bill:	2.392 (-1.1 bps)	Bond Buyer 40 Yield:	3.80 (-2 bps)
2 Yr. T-Note:	2.333 (4.1 bps)	Crude Oil Futures:	61.94 (-1.36)
3 Yr. T-Note:	2.299 (3.3 bps)	Gold Spot:	1,279.11 (-7.05)
5 Yr. T-Note:	2.323 (1.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.525 (0.0 bps)	U.S. High Yield:	6.53 (-01 bps)
30 Yr. T-Bond:	2.919 (-3.6 bps)	BB:	5.05 (04 bps)
		B:	6.92 (06 bps)

Last week's FOMC statement cited continued strength in the labor market and a low unemployment rate but growth in household spending and business fixed investment was seen slowing in Q1 2019. Much was made of the statement's comment on weak overall inflation which, on a 12-month basis, has declined below 2 percent. In keeping with the dual mandate of high employment and price stability, there was no change to the target range for federal funds. The committee committed to being patient in adjusting the target range while it assesses realized and expected economic conditions. The FOMC also unanimously voted to set the interest rate paid on required and excess reserve balances at 2.35 percent effective May 2, 2019 – 15 basis points below the top target range for the federal funds rate. On Friday of last week, the ISM non-manufacturing index declined to 55.5 in April as activity in the service sector continues to register growth. Last week's nonfarm payroll data was seen rising 263,000 for April easily outpacing consensus expectations. Continued job gains have lowered the unemployment rate to 3.6%, a level not registered since 1969. Internationally, as the U.K. continues to struggle implementing any potential Brexit both the Labor and ruling Conservative parties suffered in the U.K.'s local elections last week. Conservatives lost 1,211 seats and Labour, expecting to be the beneficiary, lost 81 seats as the Liberal Democrats gained 636 seats. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: May 3 MBA Mortgage Applications (n/a, -4.3%); Thursday: April final PPI Demand (0.2%, 0.6%), March Trade Balance (-\$51.1B, -\$49.4B) and May 4 Initial Jobless Claims (220K, 230K); Friday: March final Wholesale Inventories (n/a, 0.0%) and April CPI (0.4%, unch.).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,504.95 (-0.14%)	Strong Sectors:	Financials, Health Care, Industrials
S&P 500:	2,945.64 (0.22%)	Weak Sectors:	Energy, Materials, Communication Services
S&P Midcap:	1,980.83 (0.38%)	NYSE Advance/Decline:	1,893 / 1,167
S&P Smallcap:	989.22 (1.70%)	NYSE New Highs/New Lows:	420 / 87
NASDAQ Comp:	8,164.00 (0.23%)	AAII Bulls/Bears:	39.0% / 21.3%
Russell 2000:	1,614.02 (1.42%)		

US equity markets climbed higher last month as the S&P 500 Index returned 4.05% for April. The index is up 18.25% for the first four months of 2019 giving it the best four-month start in the last 30 years. The S&P 500 Index hit an all-time closing high of 2,945.83 last Wednesday as the index recorded a 22-basis point gain for the week. The Federal Reserve issued a statement on Wednesday leaving rates unchanged and acknowledged that inflation had decreased below their 2% objective. In economic news, US initial jobless claims of 230K matched the previous week's claims but were higher than the consensus estimate of 215K. The US unemployment rate came in at 3.6% for April, the lowest level since December 1969. Nonfarm payrolls gain of 263K was a large increase over the anticipated 190K. Crude oil closed the week at \$61.94 per barrel, a decrease of 2.15% for the week. Crude oil prices fell on an unexpected increase in U.S. inventories, contributing to energy being the worst performing sector last week. **Marathon Oil Corp**, an independent energy company engaged in exploration and production, returned -9.78% last week. The company reported beating earnings estimates on Wednesday, but missed on revenue expectations. **Alphabet Inc.**, internet giant known for Google and the Android operating system, declined 7.50% last Tuesday after releasing earnings. The company's revenue miss had a drag on communication services making it the worst performing sector of the day. **Newell Brands Inc.**, a manufacturer and distributor of housewares and other consumer products, was the week's best performing stock in the S&P 500 Index climbing 16.13%. The stock has been under pressure and declined over 45% in the last twelve months through April, but received a boost last week as Friday's earnings announcement came with positive comments from the CEO on improving results. **Incyte Corp**, a biopharmaceutical focused on small molecule cancer drugs, increased 10.70% last week as it beat sales and earnings estimates. Many more earnings announcements expected this week.

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