| US Economy and Credit Markets | | | |
|---|---|---|---|
| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 2.422 (0.0 bps) | GNMA (30 Yr) 6% Coupon: | 105-23/32 (4.28%) |
| 6 Mo. T-Bill: | 2.444 (-0.7 bps) | Duration: | 3.94 years |
| 1 Yr. T-Bill: | 2.423 (0.7 bps) | Bond Buyer 40 Yield: | 3.88 (-1 bps) |
| 2 Yr. T-Note: | 2.391 (5.2 bps) | Crude Oil Futures: | 63.89 (0.81) |
| 3 Yr. T-Note: | 2.361 (7.2 bps) | Gold Spot: | 1,290.43 (-1.33) |
| 5 Yr. T-Note: | 2.380 (7.5 bps) | Merrill Lynch High Yield Indices: | |
| 10 Yr. T-Note: | 2.565 (7.0 bps) | U.S. High Yield: | 6.54 (-10 bps) |
| 30 Yr. T-Bond: | 2.977 (7.4 bps) | BB: | 4.99 (-8 bps) |
| | | B: | 6.86 (-11 bps) |

Yields were up last week on signs of continued growth in the U.S. economy. Initial jobless claims beat expectations after falling by 8,000 over the prior week to 196,000 for the week ended April 6, the lowest level since 1969. Meanwhile, the Producer Price Index rose 0.6% in March, coming in well above expectations. Prior to the data releases, minutes of the Fed's March meeting released on Wednesday showed most Fed officials expected to leave interest rates unchanged for the remainder of the year. However, some Fed officials noted that their interest rate views could go either way based on incoming data and new developments. In Europe, ECB President Mario Draghi said Europe's economic slowdown would continue this year but said the bank could step in to boost the economy with monetary easing if needed. His comments came after the IMF cut its economic growth forecasts for the eurozone on Tuesday for both 2019 and 2020. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: April Empire Manufacturing (8.0, 3.7); Tuesday: March Industrial Production MoM (0.2%, 0.1%); Wednesday: April 12 MBA Mortgage Applications (N/A, -5.6%), February Trade Balance (-$53.5b, $-51.1b), February Wholesale Inventories MoM (0.5%, 1.2%); Thursday: April 13 Initial Jobless Claims (206k, 196k), March Retail Sales Advance MoM (1.0%, -0.2%), April Preliminary Markit US Manufacturing PMI (52.7, 52.4), March Leading Index (0.4%, 0.2%); Friday: March Housing Starts (1,230k, 1,162k).

| US Equities | | | |
|---|---|---|---|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 26,412.30(-0.03%) | Strong Sectors: | Financials, Comm. Services, Info Tech |
| S&P 500: | 2,907.41 ( 0.56%) | | |
| S&P Midcap: | 1,965.42 ( 0.87%) | Weak Sectors: | Utilities, Energy, Health Care |
| S&P Smallcap: | 969.91 ( 0.42%) | | |
| NASDAQ Comp: | 7,984.16 ( 0.58%) | NYSE Advance/Decline: | 1,650 / 1,296 |
| Russell 2000: | 1,584.80 ( 0.16%) | NYSE New Highs/New Lows: | 312 / 41 |
| | | AAII Bulls/Bears: | 40.% / 39.3% |

Equity markets finished higher last week after the Federal Reserve moved more dovish and several banks reported strong quarterly results. Equities fell on Monday and Tuesday as U.S./China trade talks continue to drag along and the IMF (International Monetary Fund) downgraded their 2019 global growth forecast from 3.5% announced in January, to 3.3%. Equities rallied to close last week after the Federal Open Market Committee released their March meeting notes that revealed while they see continued U.S. economic expansion, they also believe that risks to the outlook justify keeping interest rates "unchanged for the balance of the year." Equity markets took this as welcomed news, S&P 500 was up 0.8% to close the week, as late last year some had begun to fear the Fed had put their head out over their ski's when it came to interest rate hikes. **Walt Disney Co.** saw their shares jump over 11% Friday after they announced a new streaming service that will be priced at $6.99/mo. Predictably, **Netflix Inc.** fell over 4.5% on news of an additional competitor with significant content entered the streaming video space. **JPMorgan Chase & Co**. was up over 4.5% Friday after the bank announced their 1Q19 financial results. Earnings per share were $2.60, nearly 10% above consensus estimates, on revenue of $29.8b which was 5% higher than estimates. CEO Jamie Dimon credited strong U.S. consumer spending for the banks very positive results. **Wells Fargo & Co**. fell 2.3% after their earnings came in below estimates but their revenues were higher than what the street expected. Both banks credited their positive 1Q19 results to the strength of U.S. economy. If the U.S. economic backdrop continues to be strong while inflation remains muted and the Fed accommodative, stock market returns are likely to continue.