

# WeeklyMarket Update



## General Market News

- Last week, rates continued to move lower across the curve. The 10-year Treasury, which was as high as 2.47 percent a little over two weeks ago, opened at 2.28 percent early Monday morning. Last week, the 30-year Treasury was at 2.85 percent and was as high as 3 percent four weeks ago; it opened at 2.71 percent on Monday. The 2-year Treasury, which was as high as 2.26 percent last week and 2.37 percent two weeks ago, opened at 2.14 percent. The ongoing trade tensions, coupled with slower economic numbers and expectations, have driven some investors to safety, which has resulted in the recent change in rates.
- Global markets posted losses again last week, and the S&P 500 posted its third straight weekly loss. Recent trade tensions between the U.S. and China have seen investors flock to safer assets. The top-performing sectors were utilities, health care, and REITs. Those that were among the worst performers were the more cyclical sectors in energy, technology, and consumer discretionary.
- Alphabet (GOOG/GOOGL) and chip makers Broadcom (AVGO) and Xilinx (XLNX) were among the names that sold off due to a halt on chip supply and software service to Huawei following a ban by the Trump administration. Concerns were eased somewhat with the 90-day exemption given to certain Huawei suppliers. It remains to be seen if both the Huawei ban and the trade tensions will ease or if they will continue to linger.
- Last week saw the release of only a few important economic data points. On Tuesday, April's existing home sales fell by 0.4 percent. This was disappointing, as economists had expected modest growth in sales.
- On Thursday, the results were much the same for new home sales, as they fell by 6.9 percent in April.
- Finally, on Friday, April's durable goods orders declined by 2.1 percent. This was in line with expectations for a 2 percent drop.

## Market Index Performance Data

### EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	-1.14	-3.87	13.67	5.71
Nasdaq Composite	-2.28	-5.53	15.61	3.99
DJIA	-0.63	-3.48	10.79	5.57
MSCI EAFE	-0.48	-2.89	10.08	-5.12
MSCI Emerging Markets	-0.86	-8.37	2.90	-10.54
Russell 2000	-1.39	-4.75	12.85	-5.72

Source: Bloomberg

### FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.85	3.84	5.98
U.S. Treasury	1.15	2.99	5.73
U.S. Mortgages	0.73	2.85	5.42
Municipal Bond	0.98	4.29	6.48

Source: Morningstar Direct



## What to Look Forward To

This week is a short one with the Memorial Day holiday, but we still have several important data releases.

On Tuesday, the Conference Board Consumer Confidence Index is expected to tick up slightly. It should go from 129.2 in April to 130.2 for May, which would remain a very high level. This result would also be consistent with the recent 15-year high in the University of Michigan consumer confidence survey. As such, it would be a positive signal for the economy.

On Thursday, we get the second estimate of economic growth in the first quarter of 2019. It is expected to come in at 3.1 percent, slightly below the initial 3.2 percent estimate. More interesting will be whether the composition of growth changes significantly to a more sustainable mix. If the number comes in as expected, it will confirm a surprisingly strong result.

On Friday, we will see the personal income and spending report. Income growth is expected to show an acceleration from

**What to Look Forward To (continued)**

0.1 percent in March to 0.2 percent for April. There will likely be a decrease in spending growth, from 0.9 percent in March to a more sustainable 0.2 percent for April, on a decline in auto sales and utility spending due to mild weather.

If the numbers come in as expected, they would indicate continued sustainable growth consistent with strong consumer confidence, which would be positive.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. Rev. 05/19.

Authored by the Investment Research team at Commonwealth Financial Network.