April 2019 Flash Report

Overview: GDP increased at a 3.2% annualized rate as reported by the Commerce Department in its initial reading of 1st quarter GDP growth, significantly higher than the 2.3% consensus estimate. GDP growth occurred in part due to a sharp upturn in state and local government spending. Also fueling the growth were inventory buildups and increases in net exports. These factors are considered volatile and could reverse the next quarter. Offsetting these positive factors, consumer spending decelerated to a 1.2% gain in the quarter, the slowest increase in a year. However, consumer spending jumped to its biggest gain in 9-1/2 years in March while inflation pressures remained benign, setting a positive tone for the 2nd quarter.
Britain's exit from the European Union was postponed by an agreement in Brussels this month that gave Prime Minister Theresa May until Oct. 31 to persuade Parliament to approve the departure terms.

Equities: The S&P 500 returned 4.1% in April, resulting in a YTD gain of 18.3%. Stronger than expected 1st quarter GDP growth and a positive earnings season has provided support for the markets Also, the Fed has become more dovish as inflation remains muted. Growth stocks continue to outperform Value across all markets in 2019. YTD, Technology, Communications & Consumer Discretionary were the leading sectors while HealthCare lagged. The Russell 2000 index returned 3.4% in the month while gaining 18.5% this year, reflecting increases of 20.7% for Growth and 16.2% for Value stocks.

EAFE increased 2.9% in April where the stronger Dollar lowered gains by 0.6% versus local currency returns. EAFE has gained 13.3% this year. The UK pound remained stable as the Brexit deadline was extended to October. Germany had a strong month, gaining 7% while Japan lagged with a 1.4% return. Belgium is the best performing country this year with a 20.4% return.

The Emerging Markets increased by 2.1% in April. Again, the strong Dollar detracted 0.5% from local currency returns. The markets rose by 12.3% for the year. China increased 2.2% for the month for a YTD gain of 20.3% as positive trade negotiations continued. Mexico gained 5.2% in April resulting in an 11.8% YTD gain. Russia had a 3.8% return in the month while Greece posted an impressive 6.2% gain, earning 19.8% this year.

Fixed Income: The 3-month T-bill yield increased by 5 bps to 2.43%. The 10 Year Treasury yield increased in the month by 9 bps to 2.50%. The yield curve remained inverted from 6 months to nearly 10 years. A narrow yield spread of 50bps between the T-Bill and 30 Year Treasury remained at month's end. The 30 Year Treasury yield increased by 12bps to 2.93%. Yields increased modestly as concerns regarding a slowdown in global growth lessened. The 30 Year Municipal yield fell by another 7bps, closing at 2.65%, 28bps lower than the 30 Year Treasury. The 1 Year Municipal yield ended the month at 1.55%, a 4bps increase from March, resulting in a yield spread discount compared to the 1Year Treasury of 35%. The spread discount declines with longer maturities where at 30 year maturities, the discount is approximately 10%, although considerably larger than previous months where Municipals were trading at a slight premium to Treasuries.
German rates in April remained at a negative 0.6% yield for the 2Yr Bund and positive 0.01% for the 10Yr, an 8bps increase in the month . In the UK, the 10Yr Gilt yield moved up 19bps to a 1.18% yield as the Brexit implementation was delayed. The Japanese 10Yr Gov't bond yield remained stable yielding a negative 0.1%, while the 2Yr closed at negative 0.16%. High Yield bonds moved up in April by approximately 1.4% with an average yield of 6.0%. The High Yield market continues to show resiliency this year given the losses realized at the end of 2018.

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
Domestic Equities						
Dow Jones	2.7%	7.0%	14.8%	12.6%	17.2%	12.6%
S&P 500	4.1%	9.5%	18.3%	13.5%	14.9%	11.6%
Russell LG Value	3.6%	7.5%	15.9%	9.1%	11.0%	8.3%
Russell LG Growth	4.5%	11.3%	21.4%	17.4%	18.6%	14.5%
Russell 2000	3.4%	6.5%	18.5%	4.6%	13.6%	8.6%
NASDAQ	5.0%	11.8%	22.7%	16.1%	20.7%	15.9%
MLP Index	-1.3%	2.3%	15.3%	5.1%	1.6%	-5.8%
REIT Index	-0.1%	4.7%	16.6%	18.8%	8.5%	9.2%
International Equities						
EAFE	2.9%	6.3%	13.3%	-2.7%	7.8%	3.1%
EAFE Small Companies	3.1%	5.7%	14.2%	-7.5%	8.2%	5.6%
Emerging Markets	2.1%	3.2%	12.3%	-4.7%	11.7%	4.4%
China	2.2%	8.3%	20.3%	-4.0%	17.1%	10.7%
Fixed Income						
US Agg	0.0%	1.9%	3.0%	5.3%	1.9%	2.6%
US High Yield	1.4%	4.1%	8.8%	6.7%	7.7%	4.8%
Municipal Bonds	0.4%	2.5%	3.3%	6.2%	2.6%	3.6%
Currencies						
EURO	-0.2%	-2.2%	-2.2%	-7.3%	-0.8%	-4.2%
British Pound	-0.1%	-0.8%	2.1%	-5.3%	-3.8%	-5.1%
Japanese Yen	-0.5%	-2.3%	-1.6%	-1.9%	-1.3%	-1.6%
Commodities						
Bloomberg Commodity	-0.4%	0.4%	5.9%	-8.0%	-0.7%	-9.4%
S&P GSCI Crude Oil	6.5%	17.9%	39.1%	-3.7%	6.3%	-17.6%
Gold	-0.8%	-2.9%	0.1%	-3.2%	-0.9%	-0.8%

Commodities: WTI Crude Oil closed higher to $63.91/barrel, a $3.8/barrel increase in April. YTD price increases are the result of supply concerns associated with sanctions levied against Iran and Venezuela. Also, OPEC continues to maintain production cutbacks. Gold prices fell again by $13/oz to $1285/oz in the month. Gold has been pressured this year as inflation remains quite low and the Fed continues to delay any rate increases for 2019.