



Market in a Minute

May 7, 2019

Index Performance: As of May 3, 2019

Index	Price	Last Week	YTD
Dow Jones 30	26504.95	-0.1%	13.6%
S&P 500	2945.64	0.2%	17.5%
NASDAQ	8164	0.2%	23.0%
Russell 2000	8079.61	1.4%	20.2%
Russell 2000 Growth	7385.32	1.3%	22.6%
Russell 2000 Value	11887.7	1.6%	17.7%
Russell 1000 Growth	1561.09	0.0%	21.7%
Russell 1000 Value	1646.43	0.5%	15.7%
Shanghai SE Index	3224.02	-0.3%	23.5%
SPDR Gold Shares	120.65	-0.6%	-0.5%
GS Crude Oil Total Return	7.11	-6.0%	48.4%
Powershares US \$ Index	26.16	-0.6%	2.8%
iShares EAFE Index	66.99	0.8%	14.0%
iShares Barclays 20+ Yr Treasury Bond	123.66	-0.1%	1.8%
Utilities Select Sector ETF	58.3	0.3%	10.2%
Vanguard REIT ETF	87.67	1.0%	17.6%
iShares Mortgage Real Estate	43.85	-0.9%	9.8%
Wells Fargo BDC	19.93	0.8%	12.7%
Alerian MLP ETF	9.9	-0.6%	13.4%
iShares Global Telecom	59.28	-1.1%	18.1%

A Word on the Market by Pat Adams, CFA

On Monday the market opened down about 2% and looked like it was going to turn into a real rout. The S&P 500 was down only about .4%. President Trump had announced on Sunday night that he was going to increase the current 10% tariff on Chinese goods to 25% this Friday on the current \$200 billion and then would move forward with 25% tariffs on an additional \$325 billion of Chinese goods. The tariffs are going to move forward we understand, the market is seeing this with rose colored glasses! This is a replay of what we already know the market hates. Apparently, the Chinese are trying to renege on what was already agreed to. We believe the tariffs will go into effect and remain in effect until they actually abide to a new trade agreement.

If I were Trump, I would be thinking about 2020, let the economy slow, let the market fall, allow the Federal Reserve to then cut rates and then get a \$2 trillion infrastructure deal in place. The sentiment in the market has gotten too optimistic and needs to be tempered. Valuations are high and vulnerable; earnings growth expectations are high and likely will need to come down. Take the bear market this year, or pullback, then in an election year allow the market to run up from a lower level into November. We are sure Trump probably believed he could keep the market running for another year and a half, but not without a strong deal with China.

We believed, with the recent strength in the market, that a trade agreement with China was already in the market and perhaps the market would have declined when it was announced with no catalyst to follow.

Another trade deadline with Europe is approaching in a couple of weeks which could also be a big issue for the market. Our thought is this will not be a positive event. Below is a one-year graph of the S&P 500 Index with the 20 day-moving average in green, 50 day in purple and 200 day in red. What we have always seen in volatile markets you need to focus on the 20 day-moving average and not

ETFMG Alternative Harvest ETF	35.43	0.3%	42.1%
BitCoin Investment Trust	7.32	16.6%	84.8%

Source: Bloomberg & Yahoo.com, Returns are appreciation only.

S&P Sector Performance: As of May 3, 2019

Index	Price	Last Week	YTD
Information Technology	1,383.55	0.3%	27.1%
Consumer Disc.	954.28	-0.3%	22.1%
Consumer Staples	590.44	0.8%	13.2%
Health Care	1,043.06	1.3%	4.2%
Financials	465.52	1.2%	17.5%
Industrials	660.25	1.1%	21.8%
Energy	474.5	-3.3%	11.9%
Communications Services	167.45	-1.8%	20.6%
Utilities	295.65	0.3%	10.1%
Materials	354.79	-0.7%	12.1%
Real Estate	224.97	1.0%	17.0%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	2.25-2.50	5-Year	2.30
3-Month	2.44	10-Year	2.51
6-Month	2.46	30-Year	2.91
2-Year	2.31		

Source: Bloomberg.com

Economic Events This Week

07-May	JOLTS Job Openings	7.35M	7.09M
07-May	Consum er Credit m/m	17.0B	15.2B

the 200 day, you can see if you followed the 20 day after you identified that this was not a trending market it worked really well. Very simply, if the market breaks below the 20 day at the market close, then a sell signal would occur. Above 2900 on the S&P 500 stay invested and below 2900 be defensive.



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09-May	Fed Chair Powell Speaks		
09-May	PPI m/m	0.2%	0.6%
09-May	Core PPI m/m	0.2%	0.3%
09-May	Trade Balance	-51.4B	-49.4B
09-May	Unemployment Claims	215K	230K
10-May	CPI m/m	0.4%	0.4%
10-May	Core CPI m/m	0.2%	0.1%
10-May	Federal Budget Balance	-165.2B	-146.9B

Source: Briefing.com

Economic Events Last Week

Date	Event
29-Apr	Consumer spending surged 0.9% in March after a 0.1% gain in February
29-Apr	Personal incomes increased 0.1% in March against expectations of 0.4% increase
29-Apr	Core PCE inflation was reported flat in March bringing the yearly rate down to 1.6%
30-Apr	Yearly increase in workers' compensation slows to 2.8% from a 10 year high of 2.9% in the last quarter of 2018
30-Apr	Chicago PMI fell 52.6 in April from 58.7 in March, lowest level since January 2017
30-Apr	Consumer confidence climbs to 129.2 in April from 124.2
01-May	ADP private-sector job growth jumps by 275K, topping expectations of 181K
01-May	ISM manufacturing index drops to 52.8% in April from 55.3%
01-May	Fed holds interest rates steady in a range of 2.25% to 2.5%
02-May	Jobless claims reported at a 3-month high of 230K versus expectations of 220K
03-May	263K new jobs created in April to help drive the unemployment rate down to a 49-year low
03-May	Unemployment rate slipped to 3.6% from 3.8% in March, marking the lowest level since December 1969
03-May	The increase in pay in the past 12 months was unchanged at 3.2%.

03-May

The ISM Index slowed to a reading of 55.5 in April from 56.1 in March

Source: Briefing.com

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