CAROLINA
WEALTH ADVISORS

MARKET WEEK: APRIL 8, 2019

The Markets (as of market close April 5, 2019)

Stocks marked a second consecutive week of solid gains, led by the small caps of the Russell 2000 and the tech-heavy Nasdaq. The S&P 500 recorded seven consecutive days of gains through last Friday — the longest such streak since 2017. Once again, investors heard positive rhetoric relative to a trade deal with China. This time, President Trump announced that an "epic" deal could be in the not-too-distant future. Long-term bond prices slipped, evidenced by the rise in the yield of 10-year Treasuries (bond prices move in the opposite direction of bond yields). Following the last two weeks of trading, each of the benchmark indexes listed here have reached year-to-date gains comfortably exceeding their 2018 closing values.

Oil prices continue to surge, closing at $63.26 per barrel by late Friday, up from the prior week's closing price of $60.19 per barrel. The price of gold (COMEX) fell again last week, closing at $1,295.90 by Friday evening, down from the prior week's price of $1,297.00. The national average retail regular gasoline price was $2.691 per gallon on April 1, 2019, $0.068 higher than the prior week's price but $0.009 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 4/5	Weekly Change	YTD Change
DJIA	23327.46	25928.68	26424.99	1.91%	13.28%
Nasdaq	6635.28	7729.32	7938.69	2.71%	19.64%
S&P 500	2506.85	2834.40	2892.74	2.06%	15.39%
Russell 2000	1348.56	1539.74	1582.56	2.78%	17.35%
Global Dow	2736.74	3000.81	3072.23	2.38%	12.26%
Fed. Funds target rate	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps

10-year Treasuries	2.68%	2.40%	2.49%	9 bps	-19 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic Headlines

- March saw 196,000 new jobs added, according to the latest information from the Bureau of Labor Statistics. Employment growth averaged 180,000 per month in the first quarter of 2019, compared with 223,000 per month in 2018. The unemployment rate remained at 3.8%. Notable job gains occurred in health care (49,000), professional and technical services (34,000), food services and drinking places (27,000), and construction (16,000). There were approximately 6.2 million unemployed in March, roughly the same total as February. The labor force participation rate was 63.0% in March (63.2% in February), and has changed very little over the prior 12 months. The employment-population ratio was 60.6% in March and has been either 60.6% or 60.7% since October 2018. The average workweek for all employees increased by 0.1 hour to 34.5 hours in March, offsetting a decline of 0.1 hour in February. In March, average hourly earnings for all employees rose by $0.04 to $27.70, following a $0.10 gain in February. Over the past 12 months, average hourly earnings have increased by 3.2%.

- In February, consumers tightened their wallets, possibly due to rising gas prices at the pumps. After climbing 0.7% in January, retail sales fell 0.2% in February, according to the latest report from the Census Bureau. Sales are up 2.2% from February 2018. Keeping overall sales afloat were strength in auto sales (0.7%) and gas stations (1.0%). Retail sales excluding auto and gas stations fell 0.6% in February.

- February was not a banner month for manufacturing. According to the latest report from the Census Bureau, durable goods orders decreased 1.6% for the month after three consecutive monthly increases. Transportation equipment, particularly aircraft orders, drove the decrease, falling 4.8% in February. Excluding transportation, durable goods orders inched up 0.1%. Shipments of manufactured durable goods, up three of the last four months, increased 0.2%, as did inventories, which increased 0.3%. Nondefense new orders for capital goods plummeted in February, dropping 6.3%.

- Purchasing managers reported marginal growth in the manufacturing sector, according to the Manufacturing ISM® Report On Business® for March. The PMI registered 55.3%, an increase of 1.1 percentage points over February's reading. New orders, production, employment, and prices all increased in March. Deliveries and inventories decreased.

- The IHS Markit US Manufacturing PMI™ fell in March to its lowest level since June 2017. The PMI™ posted 52.4 in March, down 0.6 percentage point from February's rate. According to survey respondents, slower output kept manufacturing growth down. Total new orders expanded at a modest pace that was the slowest since June 2017. On the price front, input price inflation softened further to the slowest since August 2017.

- Economic activity in the non-manufacturing (services) sector slowed in March, according to the latest report from the Institute for Supply Management®. Survey respondents indicated that growth in business activity and new orders slowed in March. On the other hand, employment and prices increased last month.

- For the week ended March 30, there were 202,000 new claims for unemployment insurance, a decrease of 10,000 from the previous week's level, which was revised up by 1,000. This is the lowest level for initial claims since December 6, 1969, when it was 202,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended March 23. The advance number of those receiving unemployment insurance benefits during the week ended March 23 was 1,717,000, a decrease of 38,000 from the prior week's level, which was revised down by 1,000.

Eye on the Week Ahead

The latest information on inflationary trends is out this week with the release of the March reports on the Consumer Price Index and Producer Price Index. The CPI advanced 0.2% in February, while producer prices rose a mere 0.1%. Neither index is expected to advance significantly as inflationary pressures remain lukewarm through the first quarter of 2019.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the *common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.*
