

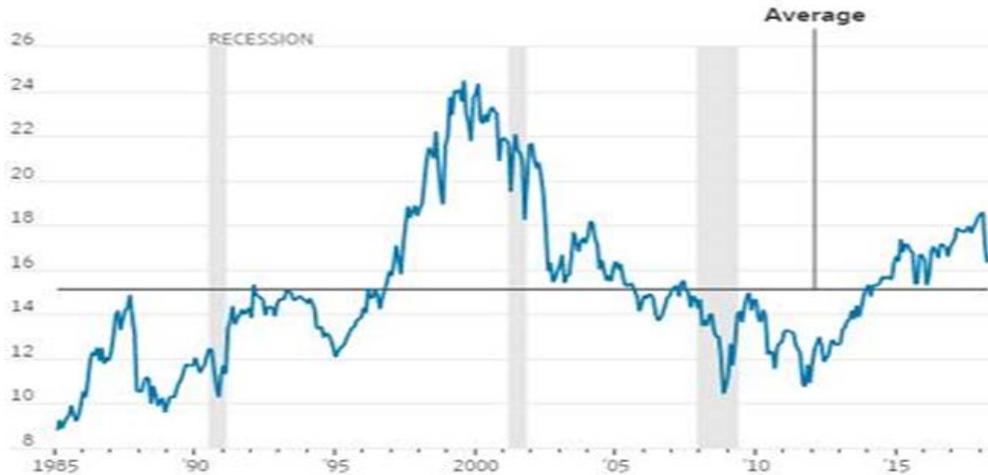


Last Week:

- The Dow Jones Industrial Average found positive territory with an advance of +1.8%
 - For the week, advancers outpaced decliners 23-6 (Disney was flat)
 - Top gainers were **Merck** +7.1%, **Intel** +6.3%, **Cisco** +5.6%, **Caterpillar** +5.1% and **ChevronTexaco** +4.5%
 - No Dow component declined more than one percent, with the list including Home Depot, Walmart, Travelers, Nike, Procter & Gamble and United Tech
- Dow Transports chugged ahead +2.2%
- Dow Utilities broke from the pack by declining (-1.3%)
- The S&P 500 recovered the prior week's loss plus a little bit, moving higher +2.0%
 - Stocks surged Tuesday, following China President Xi's comments about opening up China's markets to global trade – that seemed to placate those who had become concerned about a “trade war” heating up ... then Wednesday stocks fell, as President Trump threatened military action in Syria to respond to reports of chemical weapons attacks ... but by Thursday stocks rallied anew, as President Trump walked back the timing and extent of a potential military response in Syria
 - Energy led the charge higher gaining +6.0% on the week, followed by Technology +3.5% Materials +2.8% and Health Care +2.4%
 - Only two sectors finished in the red for the week, Utilities and Real Estate, both down more than 1%
- S&P 500 valuations are back to where they were in 2014, in part a reflection of tax-reform benefits

Devalued

Rising earnings forecasts and falling shares have pushed down the S&P 500's forward price/earnings ratio to where it stood in 2014.



Source: Thomson Reuters Datastream



- The S&P Smallcap index kept pace with its larger brethren +2.0% while the S&P Midcap 400 also posted a positive week +1.6%
- NASDAQ stood out to the upside with an advance of +2.8%
- Global stocks were mostly higher
 - The Euro Stoxx 600 was up +1.2%
 - London and Paris were in line +1.1% while Frankfurt had a bit better week +1.6%
 - Moscow saw a one week correction as its market tumbled (-10.7%) following the announcement of US sanctions against a number of Russian oligarchs
 - AsiaPac stock markets were more mixed but still with an upward bias
 - Hong Kong broke out +3.2% while Tokyo saw prices move ahead +1.0% and Bombay advanced +1.7%
 - China's markets diverged slightly, with the Shenzhen declining (-0.6%) while Shanghai finished higher +0.9%
- The VIX Volatility Index saw a decline of over four points for the week to finish at 17.41
- The 10-year Treasury yield finished at 2.83%, up 5 basis points (bps) for the week
 - The 2-year yield resumed its rise late in the week and finished at 2.35%, only 48 bps below the 10-year



- Crude oil jumped over \$5/barrel to close at \$67.39
 - It was black gold's best week in eight months, as it surged Tuesday to its highest closing level since December 2014. "The reducing risk of a trade war and the rising risk of a real war in Syria accounted for the large move up," according to Phil Flynn, senior market analyst at Price



Futures Group. One day later, oil's surge continued, fueled by reports that Saudi Arabia had intercepted missiles over Riyadh

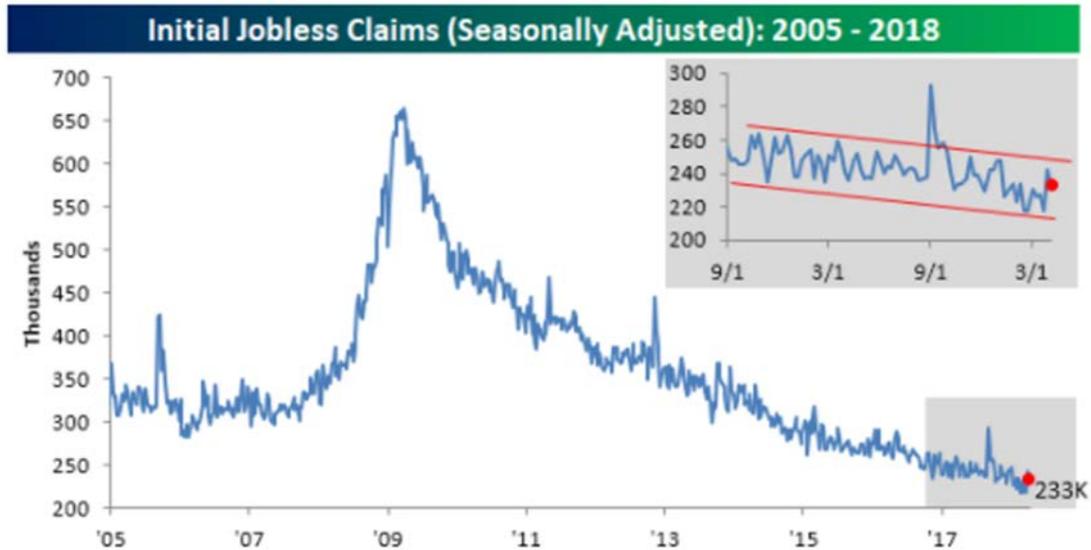
- Gold notched up \$12/ounce to \$1,348
- The US Dollar Index fell very slightly to finish at 89.77
- Facebook's stock rose by the most in two years on Tuesday, reacting favorably to CEO Mark Zuckerberg's Congressional testimony
- Minutes from the recent Federal Reserve and European Central Bank meetings held few surprises for investors
- Mexico, Canada and the US were unable to complete NAFTA negotiations prior to a regional economic summit, but expectations remain high for a new agreement
- In corporate news:
 - Verifone announced it is being taken private for \$23.04/share
 - Shares of Sprint shot up more than 15% Tuesday, as talks re-emerged about the company potentially uniting with TMobile
 - Volkswagen named a new CEO
- The Producer Price Index rose 0.3% in March, with core PPI lifting 0.4% for the third-straight month. On a year-over-year basis, PPI is up 3%, with core PPI up 2.9%
- The Consumer Price Index showed a similar acceleration to 2.4% y/y, with core CPI up 2.2% y/y. CPI dipped -0.1% in March, while core CPI edged up 0.2%
- The University of Michigan's Consumer Sentiment index printed 97.8 in its preliminary April reading, missing the 100.6 consensus forecast
- The NFIB's Small Business Optimism index fell to 104.7 in March, shy of the 107.0 consensus estimate, but still near a multi-decade high



Source: Bespoke



- Weekly Jobless Claims fell -9,000 to 233,000, marking the 162nd straight week below 300,000, breaking the previous record of 161 straight weeks that ended in April 1970



Source: Bespoke

- The wide-ranging Mueller investigation took an unexpected turn with searches and seizures of the offices of Michael Cohen, President Trump's personal attorney
- Also out of Washington came an announcement that Speaker Paul Ryan would not run for reelection as Speaker, or as a member of the House, joining 38 other House Republicans that are not seeking another term in November
- The week ended Friday night with a coordinated strike of suspected chemicals plants in Syria directed by the UK, France and the US



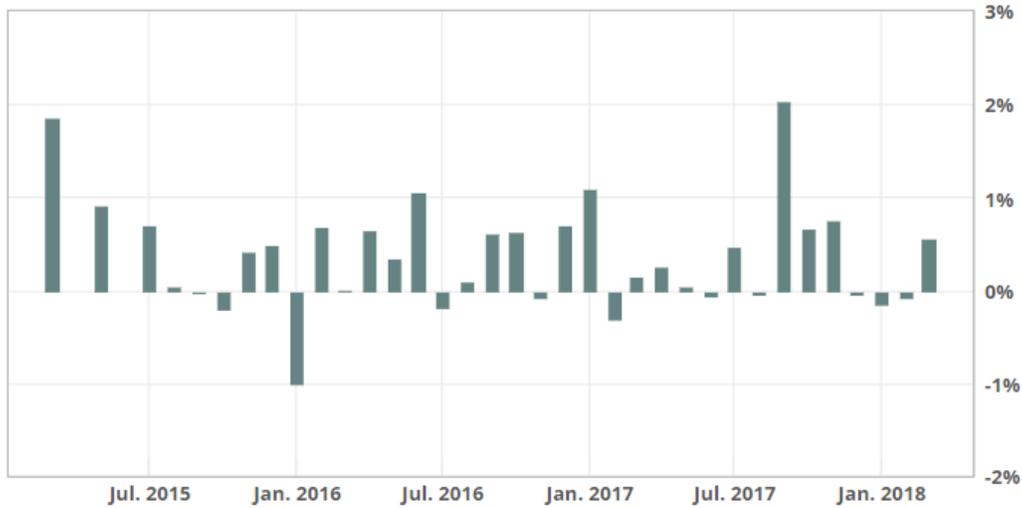
This Week:

- Federal income tax returns are due tomorrow in the US. With the deadline falling first on a Sunday and then today being a holiday in Washington DC (Emancipation Day), the deadline was extended from April 15 to April 17
- US markets look to open strongly to the upside
- Most major European markets are slightly lower on the day
- Asian markets closed mixed, with the Nikkei +0.3% while Hong Kong and Shanghai both declined by more than 1%
- Japan's Prime Minister Shinzo Abe is in the US to meet with President Trump starting Tuesday
- The Bank of Canada makes its interest rate decision on Wednesday
- Former FBI Director James Comey's book, *A Higher Loyalty*, hits bookstores on Wednesday
- The Fed releases its Beige Book on Wednesday afternoon
- The G20 finance ministers meet Friday in Washington
- Earnings get rolling this week:
 - Monday: Bank of America, Celanese, M&T Bank and Netflix
 - Tuesday: Comerica, CSX, Goldman Sachs, Interactive Brokers, IBM, Intuitive Surgical, **Johnson & Johnson**, Northern Trust, **Omnicom**, Progressive, Prologis, United Continental and **United Health**
 - Wednesday: **Abbott Labs**, Alcoa, American Express, Canadian Pacific Railway, **Crown Castle**, **Crown Holdings**, Morgan Stanley, Textron, US Bancorp and United Rentals
 - Thursday: **Alliance Data Systems**, Bank of New York Mellon, BB&T, **Danaher**, E*Trade, GATX, Genuine Parts, KeyCorp, Novartis, Pentair, **Philip Morris International**, PPG, Quest Diagnostics, Rogers Communications, **Snap-On**, Sonoco Products, Taiwan Semiconductor, WW Grainger and **Webster Financial**
 - Friday: Baker Hughes, Citizens Financial, Ericsson, FirstEnergy, General Electric, **Gentex**, **Honeywell**, **Kansas City Southern**, Manpower, Procter & Gamble, Regions, Roper Technologies, **Schlumberger**, Stanley Black & Decker, State Street, SunTrust and Waste Management
- Economic reports:
 - Monday: Business Inventories, Housing Index, and Retail Sales (+0.6%, exceeding the 0.4% consensus),



Retail sales

Change from previous month, seasonally adjusted



Source: Commerce Department via FRED

- Tuesday: US Housing Starts/Building Permits
- Thursday: Jobless Claims and US Leading Index

As always, thanks very much for your interest and support.

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