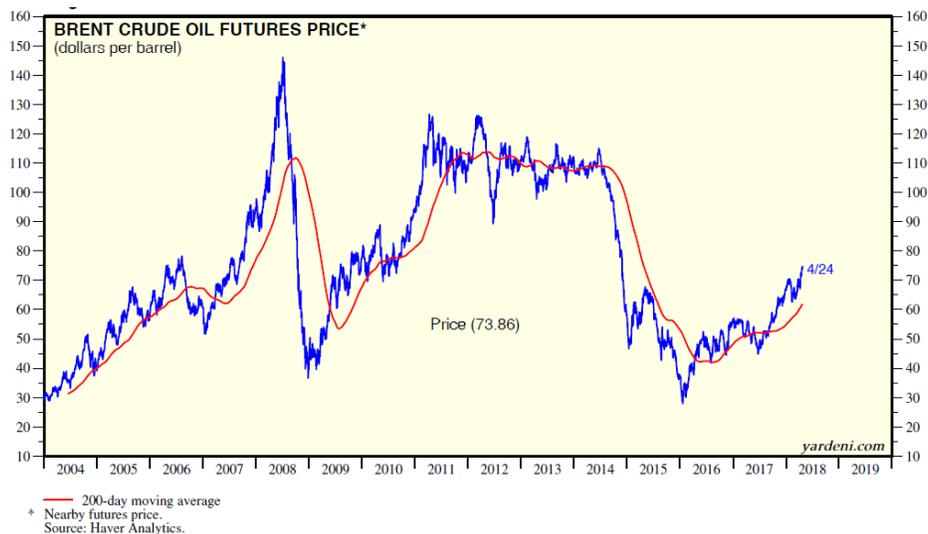




Last Week:

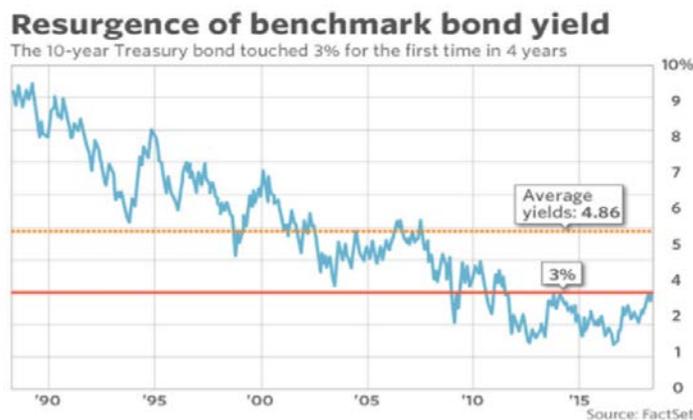
- The Dow Jones Industrial Average slid lower for the week (-0.6%)
 - For the week, advancers and decliners were evenly mixed
 - Top gainers were **Verizon** +7.7%, Home Depot and Nike, both +5.3%
 - Worst for the week was 3M (-9.9%), joined by Caterpillar (-5.6%) and Goldman Sachs (-4.8%)
 - Mobile-Telecom was the best performing industry group on news of Sprint and TMobile talking merger again, joined by Drug and Apparel Retailers, Medical Supplies and Retail REITs
 - Worst performing industry groups for the week were Materials-focused (Coal, Aluminum, mining, metals) joined by Defense
- Dow Transports downshifted (-0.3%) while Dow Utilities powered higher +2.5%
- The S&P 500 broke even for the week
 - Telecom had a big week joined by Utilities and Real Estate ... Health Care +1.8% did the best of any of the major sectors
 - Industrials lagged noticeably (-3.2%) as did Materials (-2.1%)
- The S&P Smallcap and Midcap indices experienced small declines, with the Smallcap dropping (-0.6%) while the Midcap fell (-0.4%)
- NASDAQ was right in line (-0.4%)
- Crude oil lost a few pennies by the end of the week to close at \$67.97/barrel
 - Brent Crude briefly surpassed \$75/barrel in Tuesday trading, the first time it has done so in three years, as oil moved higher midweek before declining late in the week



- Gold pulled back another \$14/ounce to \$1,324
- Global stocks were more to the upside for the week
 - The Euro Stoxx 600 was up +0.7% while most European markets were higher

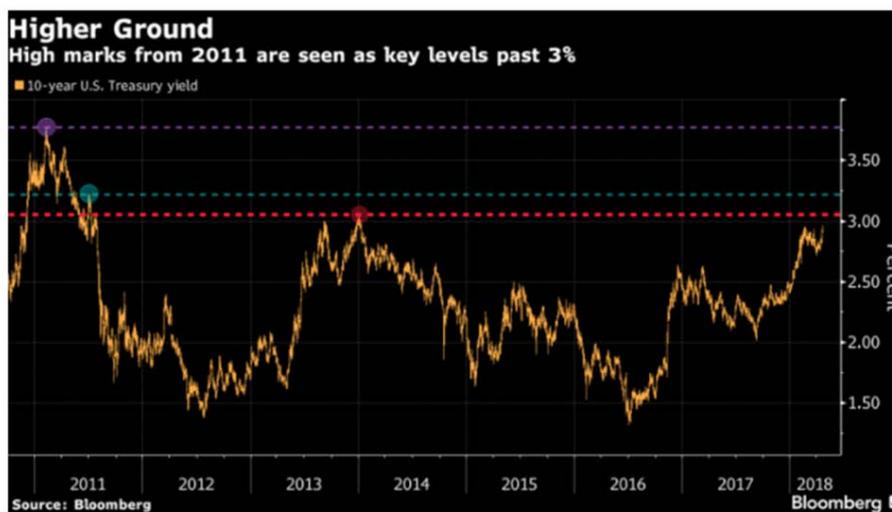


- London had the biggest gains of the three major markets +1.8% while Paris picked up +1.3% ... Frankfurt was a drag on the index with a gain of only +0.3%
- Moscow continued its recovery from expanded sanctions +1.9%
- AsiaPac stock markets also had a good week
 - Tokyo and Sydney both saw prices move ahead +1.4% while Bombay advanced +1.6% and Shanghai picked up +0.4%
 - China's Shenzhen continued its decline (-1.0%) while Hong Kong also finished in negative numbers (-0.5%)
- The US Dollar Index broke above 91 for the first time since early January, finishing stronger at 91.53
 - The Mexican Peso lost 4.5% against the U.S. dollar in the last five days (as of Monday), reflecting growing concern that the country will elect a "populist firebrand" as its next President. Front-runner Andres Manuel Lopez Obrador has established a greater than 20 percentage point lead over Ricardo Anaya. One day later (Tuesday), the Peso jumped 5% on news that a NAFTA deal is imminent
- The VIX Volatility Index got a little excited midweek before finishing lower by nearly a point and a half at 15.41 at week's end
- The 10-year Treasury yield spent several days above 3% before finishing the week unchanged at 2.96%



- Former PayPal and Intuit CEO Bill Harris provided some colorful opinion on Bitcoin: "I'm tired of saying, 'Be careful, it's speculative. Be careful, it's gambling. Be careful, it's a bubble.' I'll say it: Bitcoin is a scam. It's a colossal pump-and-dump scheme, the likes of which the world has never seen. The losers are ill-informed buyers caught up in the spiral of greed. The result is a massive transfer of wealth from ordinary families to internet promoters"
- The European Central Bank left rates unchanged but also acknowledged that the economy in the Eurozone might be losing a little speed, a more dovish outlook than before
- The Bank of Japan also didn't adjust interest rates and removed the timeline for hitting an inflation goal
- South and North Korea held meaningful talks at their summit with plans to work on a peace agreement between the divided countries

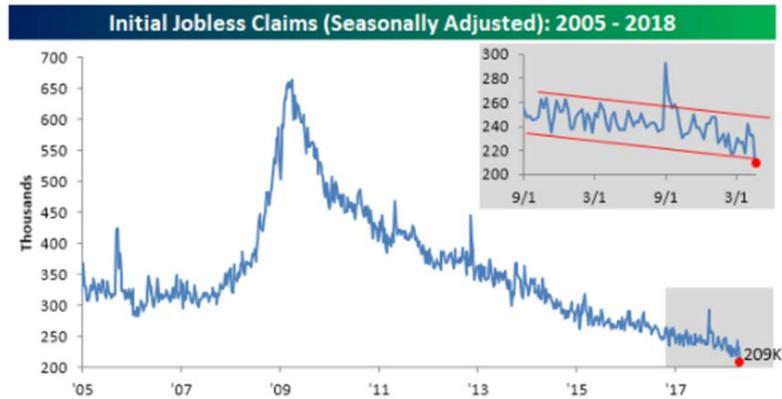
- North Korea vowed to shut down its nuclear test site as early as May
- Mike Pompeo was confirmed as Secretary of State
- Ronny Jackson withdrew his name from consideration to run the Veterans Affairs department following the release of reports summarizing a number of possible allegations
- First quarter GDP checked in at 2.3% in the preliminary estimate, a shade above the 2.0% consensus forecast but a slowdown from the past several quarters
- Existing Home Sales came in at 5.6 million annualized units in March, slightly exceeding the 5.52 million consensus estimate



- New Home Sales rose to a 4-month high at 694,000 annualized units, +8.8% y/y and well above the 630,000 consensus estimate
- The Case-Shiller Home Price Index rose 6.3% y/y in February, and the 20-city index increased at a slightly faster 6.8% y/y price, its most robust growth rate since mid-2014
- The Employment Cost Index rose 2.7% year-over-year, its fastest rate of growth since 2008
- IHS Markit's Flash Services PMI gauge clocked in at 54.4 in April, up from 54.0 in March
- In a similar vein, the IHS Flash Manufacturing PMI measure printed 56.5 in April, up from 55.6 in March
- But moving in an opposite direction, the Chicago Fed's index of economic activity dipped to 0.1 in March from 0.98 in February
- The Conference Board's Consumer Confidence Index came in at 128.7 in April, surpassing the 126.0 consensus forecast, and near an 18-year high
- The University of Michigan's final Consumer Sentiment reading for April edged up to 98.8 from the initial 97.8 reading, though still below March's 101.4
- Durable Goods Orders rose 2.6% in March, more than double the 1.2% consensus guess, though ex-Transportation orders dipped -0.3% vs. a guess of +0.5%



- Weekly Jobless Claims came in at 209,000, considerably better than the 230,000 consensus, and the lowest reading since 1969



Source: Bespoke

- In corporate news:
 - Takeda Pharmaceuticals and **Shire** finally arrived at an agreement on merger terms, with the former agreeing to acquire the latter for \$64 billion in a combination of cash and stock
 - A judge ruled to block the Xerox deal to be acquired Fujifilm, citing the CEO for considering personal rather than shareholder interests
 - Sonos, a wireless speaker company, is preparing for an IPO this summer ... clearly they are raising the volume
 - **Comcast** formalized a \$31 billion bid to buy Sky, a leading European cable operator ... the deal challenges current bidder 21st Century Fox ... Comcast had previously bid for Fox but was rejected in favor of Disney



This Week:

- US markets look to open slightly higher
 - There was more M&A action over the weekend, to the tune of \$100 billion total
 - Sainsbury is said to have acquired Walmart's ASDA division over the weekend
 - Boeing announced an acquisition of KLXI
 - Marathon Petroleum finalized a deal to buy Andeavor for over \$20 billion
 - Prologis acquired DCT Industrial Trust
 - Sprint and T-Mobile finally got a deal done to merge
 - And Marriott Vacations announced the acquisition of ILG
- Most major European markets are slightly higher for the day
- Many Asian markets are closed ... those open are mostly higher with Hong Kong +1.7% leading the way
- The Federal Open Markets Committee announces its decision about US interest rates on Wednesday with no change in rates expected
- The Royal Bank of Australia's decision comes a day earlier on Tuesday
- Treasury Secretary Steve Mnuchin, Commerce Secretary Wilbur Ross, National Economics Council Chair Larry Kudlow and Trade Representative Robert Lighthizer lead a team that will be in China on Thursday and Friday for trade talks
- Earnings season is now halfway done. JP Morgan reports that 80%ish of companies reporting have beaten earnings and 70%ish have beaten sales projections, yet the markets continue to be range-bound rather than impacted positively ... earnings keep rolling this week:
 - Monday: Affiliated Managers Group, **Akamai**, **Allergan**, Arconic, Bright Horizons, CNA Financial, Cognex, Enterprise Products Partners, First Data, IDEX, Loews, McDonald's, ON Semiconductor, PerkinElmer, Public Service Enterprise, SBA Communications, Stifel and Tenet Healthcare
 - Tuesday: Aetna, Allstate, American Tower, Anadarko Petroleum, Apple, Arch Capital, Archer-Daniels, Arthur Gallagher, BP, CH Robinson, Concho Resources, Cummins, Devon Energy, Eaton, **Ecolab**, Edison International, Emerson Electric, Encana, **Fidelity National Information Services**, **Fiserv**, Fortis, **Gilead**, **HCA**, Incyte, IPG Photonics, Johnson Controls, Juniper Networks, L3, Marathon Petroleum, **Merck**, Mondelez, MPLX, **Newfield Exploration**, Noble Energy, ONEOK, **Pfizer**, **Ryman Hospitality Properties**, **Scotts Miracle-Gro**, Seagate, **ServiceMaster**, Shopify, SS&C Technologies, Suncor Energy, Tapestry, Under Armour, **Verisk Analytics**, WEC Energy, Xylem and **YUM China**
 - Wednesday: American Financial Group, AIG, American Water Works, **AmerisourceBergen**, Annaly Capital, Apache, Aptiv, ADP, Bunge, **CBRE Group**, CDW, **Cerner**, CGI Group, Clorox, Continental Resources, CSG Systems, **CVS**, Equinix, Essex Property, Estee Lauder, Eversource Energy, Exelon, Express Scripts, Garmin, **Hologic**, Host Hotels, Humana, Hyatt, IQVIA, Lincoln National, Manulife, Marathon Oil, Mastercard, MetLife, Mid-America Apartment Communities,



Molson Coors, **Norwegian Cruise**, NXP, Pioneer Natural Resources, Prudential, Republic Services, Southern Company, Square, Tesla, Kraft Heinz, **Waste Connections**, Williams, Wyndham Worldwide, XL Group, XPO Logistics, Zoetis and Zynga

- Thursday: ABIOMED, **Activision Blizzard**, Apollo Global, Arista Networks, **Ball**, BCE, Becton Dickinson, Cardinal Health, **CBS**, **Church & Dwight**, Cigna, Consolidated Edison, DaVita, DowDupont, EOG Resources, Ferrari, **FleetCor**, Fortinet, Fresenius Medical Care, GGP, **Genpact**, **Global Payments**, **ICON**, **Ingredion**, International Exchange, Kellogg, KKR, **Live Nation**, Magellan Midstream, Mettler-Toledo, Motorola Solutions, MSCI, NRG Energy, Pacific Gas & Electric, Pembina Pipeline, PPL, Regeneron, **Sealed Air**, Teleflex, Teva Pharmaceuticals, Vulcan, Westlake Chemical and Xerox
- Friday: Alibaba, **Aon**, CBOE Global Markets, Celgene, CenterPoint Energy, Cheniere Energy, IDEXX, Newell, VF Corp and Vistra Energy
- Economic reports:
 - Monday: Personal Income, PCE, Pending Home Sales and Chicago PMI
 - Tuesday: Markit PMI, Construction Spending, Vehicle Sales and ISM Manufacturing
 - Wednesday: ADP Jobs Report and several overseas PMI/GDP/unemployment reports
 - Thursday: Jobless Claims, Productivity, Trade Balances, Markit Services PMI, ISM Non-Manufacturing and Factory Orders
 - Friday: Nonfarm Payrolls and Unemployment Rate

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

Farley Shiner, CFA®
Managing Director

Adam Bergman, CFA®
Executive Director



The Chartered Financial Analyst® (CFA) charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

Opinions contained in the preceding commentary reflect those of Sterling Capital Management LLC, and not those of BB&T Corporation or its executives. The stated opinions are for general information only and are not meant to be predictions or an offer of individual or personalized investment advice. They also are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. Any type of investing involves risk and there are no guarantees. Sterling Capital Management LLC does not assume liability for any loss which may result from the reliance by any person upon any such information or opinions.

Investment advisory services are available through Sterling Capital Management LLC, a separate subsidiary of BB&T Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of BB&T Corporation, Branch Banking and Trust Company or any affiliate, are not guaranteed by Branch Banking and Trust Company or any other bank, are not insured by the FDIC or any other government agency, and are subject to investment risk, including possible loss of principal invested.