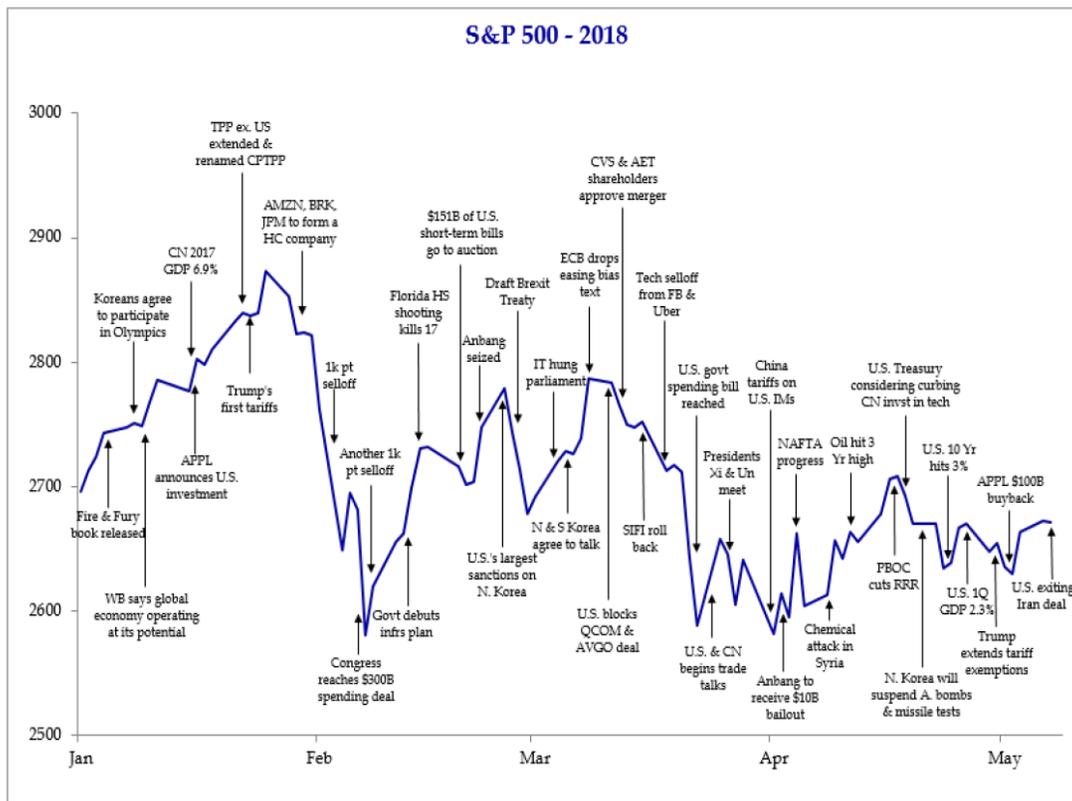




Last Week:

- The Dow Jones Industrial Average rallied strongly +2.3%
 - For the week, only two components declined, Coca-Cola by just a sip, but Wal-Mart marked down its price (-4.7%)
 - Top gainers were Caterpillar +5.8%, Exxon-Mobil +5.7%, JP Morgan Chase +5.0% and United Technologies +4.2%
 - Best performing groups were Coal, Trucking, Electronic Office Equipment, Railroads and Nonferrous Metals
 - Utilities bunched around the worst performing groups with Electricity, Water and Multi-Utilities all underperforming, but Travel & Tourism lagged the most
- Dow Transports shifted into overdrive +3.3%. It was the thirteenth week out of nineteen that the average had moved over 2% for the week ... yet it's up less than 1% for the year
- Dow Utilities headed in the wrong direction (-2.1%), and are down (-4.7%) YTD
- For not much point-to-point market movement, we've had lots of activity

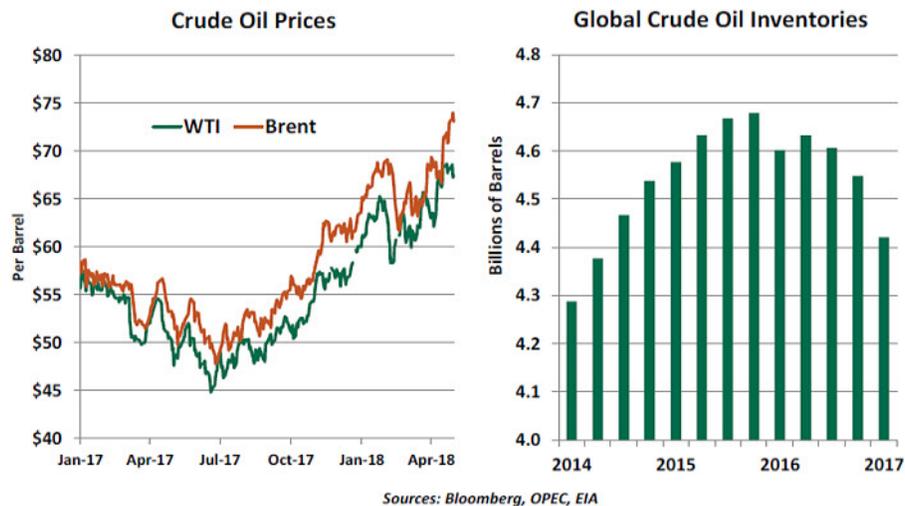


Source: Strategas

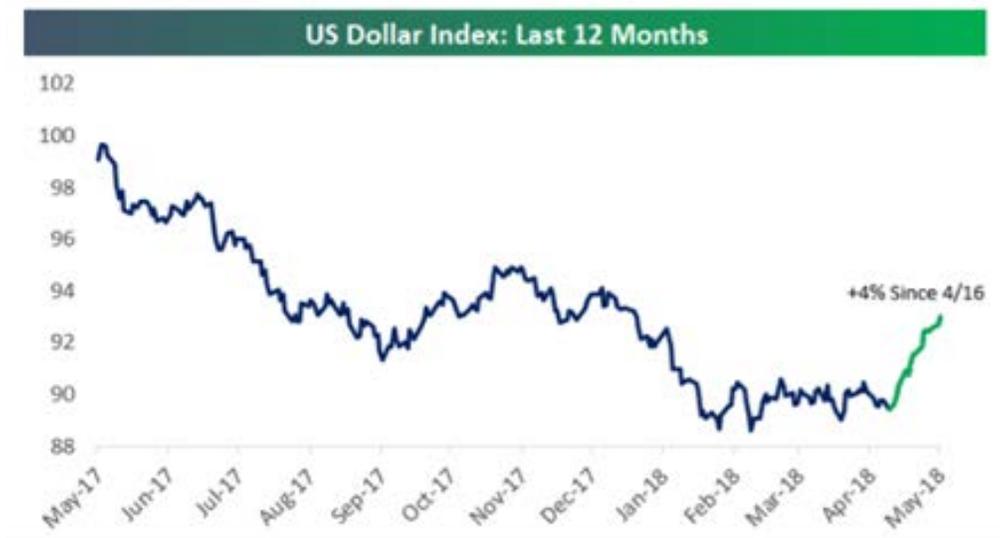
- The S&P 500 also advanced broadly higher +2.4%
 - Energy, Financials, Industrials and Technology led the index higher for the week, all gaining over three percent
 - Utilities stood out to the downside (-2.2%) joined by only Consumer Staples in red numbers



- The S&P Smallcap and Midcap indices went along for the ride, with the Smallcap advancing +2.9% while the Midcap stepped forward +2.2%
- NASDAQ saw similar gains +2.7%
- Crude oil stayed over \$70/barrel and closed at \$70.70
 - Gasoline prices in the US are averaging \$2.86/gallon, the highest price at the pump in over three years
 - Intraweek West Texas crude oil surged past \$71/barrel, the first time in three years. Global oil supplies have been shrinking, contributing to the recent rise in prices



- Gold seemed unphased by everything, closing nearly unchanged at \$1,321/ounce
- Global stocks were more to the upside for the week
 - The Euro Stoxx 600 was up +1.4% while most European markets were higher
 - London had the biggest gains of the three major markets +2.1% while Frankfurt was in-line ... Paris picked up +0.5%
 - For London, the index now has risen for seven straight weeks, which marks its longest weekly winning run since July 2005, when the market rose for eight straight weeks.
 - Moscow continued its recovery from expanded sanctions +4.1%
 - AsiaPac stock markets also had a good week
 - Tokyo +1.3% and Sydney +0.9% were among the weakest gainers while Bombay advanced +1.8
 - China's Shanghai +2.3% and Shenzhen +2.8% markets saw bigger gains while Hong Kong broke out +4.0%
- The US Dollar Index was essentially unchanged after three weeks of gains, closing at 92.56

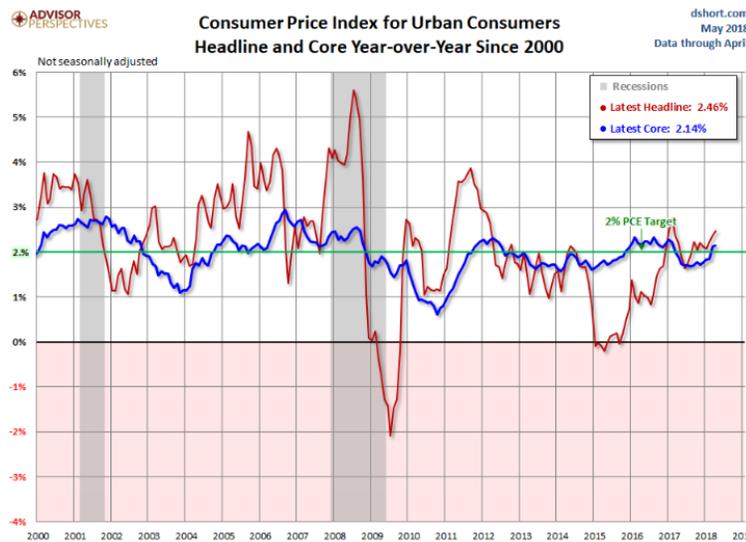


Source: Bespoke Research

- The VIX Volatility Index continued its retreat into the comfort range, dropping over 2 points to close at 12.65
- The 10-year Treasury yield held fairly steady finishing at 2.97%
 - Overseas, 10-year rates have also moved up slightly except in Japan, where rates are still hovering above zero at 0.04%... a sampling from Europe:
 - Germany 0.60%
 - France 0.82%
 - Spain 1.30%
 - Italy 1.90%
- President Trump on Friday made a speech focused on the prescription drug industry, with the content not nearly as draconian as some had feared
- President Trump withdrew the US from an international nuclear deal with Iran, while other countries planned to maintain the agreement
 - Iranian rockets were fired into the Golan Heights and missiles were fired on Saudi Arabia from Yemen by Iranian-backed rebels, raising tensions across the region Israel responded by striking Iranian targets in Syria
- A date and place for the North Korea/US summit was announced, June 12 in Singapore, as three US citizens that had been detained for over a year were returned to the US
- After elections left no party in control, the Italians finally look to have a coalition formed
- California required all new homes to have solar capabilities
- In corporate news:
 - Xerox terminated their agreement with Fujifilm and turns to activists, while Fuji thinks they can't unbite the apple at this point
 - China is resuming their review of the **Qualcomm** NXP bid
 - Aurora Cannabis is acquiring MedReleaf in a drug deal



- Takeda and **Shire** reached a purchase agreement
- Vodafone will buy assets in four European countries from Liberty Global
- Walmart is buying 77% of Flipkart, the largest e-commerce company in India
- Convergys is reported to be in talks with several possible buyers
- Apple and Goldman Sachs are preparing jointly launch a new credit card ... this would be Goldman's first play in the card industry
- The Consumer Price Index rose 0.2% sequentially and 2.5% y/y in April, with core CPI (excluding Food and Energy) +2.1% y/y



- The Producer Price Index rose 0.1% sequentially and 2.6% y/y, less robust than anticipated
- The number of job openings increased to 6.6 million according to the JOLTS report, as of the end of last quarter
- The University of Michigan's Consumer Sentiment index was unchanged at 98.8 in its initial May reading, essentially matching the 98.7 consensus forecast

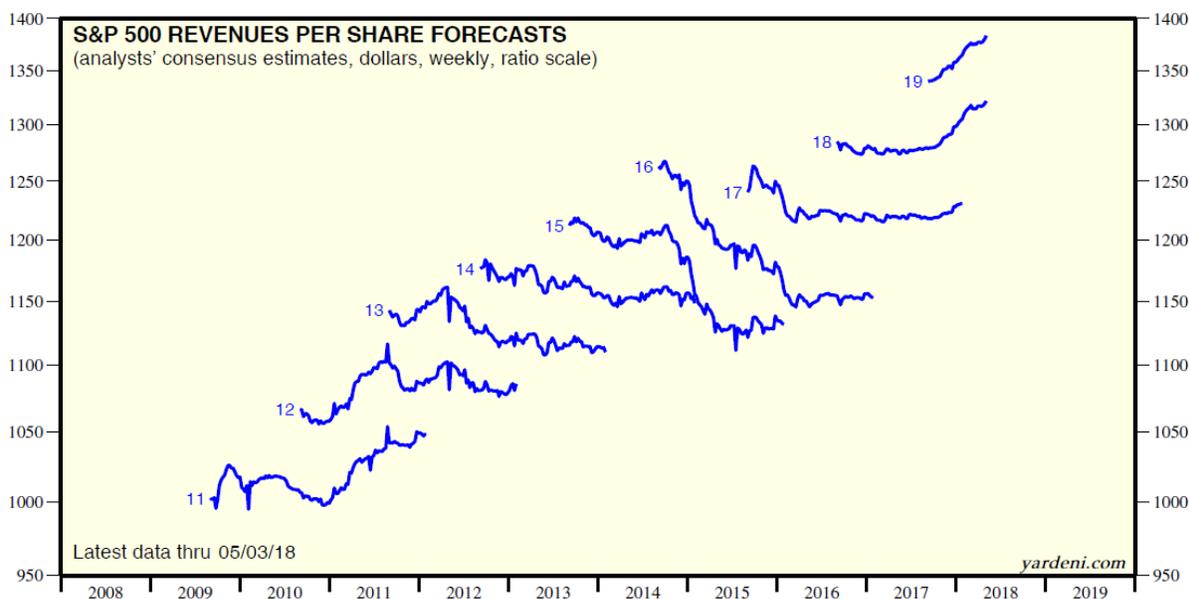


Source: Strategas



This Week:

- US markets are higher. The Dow is on track for its eighth consecutive daily gain
- Most major European markets pulled back slightly in early trading
- Asian markets are higher, with Hong Kong +1.4%, Japan +0.5% and Shanghai +0.3%
- Vice Premier Liu He visits the United States starting Tuesday to continue trade discussions formally started a couple of weeks ago
- For anyone not closely following every move of the royals, Prince Harry weds Meghan Markle on Saturday
- The deadline for presenting a renegotiated NAFTA agreement to Congress for approval before the mid-term elections is Thursday
- Venezuela holds presidential elections on Saturday
- **CBS** is suing to block Shari Redstone's ability to remove some of its directors before they can consider a dividend that would reduce her control over the company from 79% to 17%. The dividend being contemplated would diminish her ability to facilitate a merger between CBS and Viacom. The CBS suit says, "Ms. Redstone has acted to undermine the management team, including, without board authority, talking to potential CEO replacements, deriding the chief operating officer and threatening to change the board"
- The U.S. Supreme Court ruled that states can legalize gambling on individual sporting events. Nevada had been the only state with legal single-game wagering
- First quarter earnings season is basically done, but it's not just earnings that are turning up ... revenues started to surprise to the upside late last year



Source: Thomson Reuters I/B/E/S.



- Key companies reporting this week:
 - Monday: Agilent Technologies and Invitation Homes
 - Tuesday: Home Depot
 - Wednesday: Cisco, Macy's, NetEase and Take Two Interactive
 - Thursday: Applied Materials, Nordstrom, JC Penney and Walmart
 - Friday: Astrazeneca, Campbell Soup and Deere
- Economic reports:
 - Tuesday: Empire Manufacturing, Retail Sales and NAHB Housing Index
 - Wednesday: Housing Starts/Permits and Industrial Production/Utilization
 - Thursday: Jobless Claims and Leading Indexes

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

Farley Shiner, CFA®
Managing Director

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