

In this week's recap: stocks advance after earnings season gets off to an encouraging start, and consumer prices rise the most in more than a year.

Weekly Economic Update

Presented by Rebecca S. Gaylor

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THE WEEK ON WALL STREET

Stocks broke out of a narrow range on Friday following news that two major banks grew their bottom line in the first quarter. For the week, the S&P 500 rose 0.79%; the Nasdaq Composite, 0.91%. The Dow Jones Industrial Average improved 0.50%. Turning to overseas stocks, the MSCI EAFE index declined 0.09%.¹⁻⁴

The market spent much of the week in a lull as investors waited for earnings season to begin. Wall Street is paying close attention to both guidance and profit margins.

BIG BANKS POST SOLID RESULTS

Friday, Wells Fargo and JPMorgan Chase both reported Q1 profit growth, and JPMorgan Chase announced record revenue.⁵

This was welcomed news. Analysts have tempered some of their expectations entering this earnings season, recognizing that slowing global growth, tariffs, and dollar strength may be affecting corporate profits. (The dollar rallied 6.2% in Q1.)⁶

[Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities.]

INFLATION PICKS UP

The Consumer Price Index rose 0.4% in March, the most in 14 months. This matched the consensus forecast of economists polled by MarketWatch, who believed rising gas prices would affect the number.

Even with this March jump, annual inflation remained relatively tame at 1.9%.⁷

WHAT'S AHEAD

Note that U.S. stock and bond markets will be closed on Good Friday (April 19).

TIP OF THE WEEK



*Life insurance is not solely for people with spouses and kids. If you are a **caregiver** to an ill parent, have **significant debt**, or simply wish to avoid having others pay for your funeral, **life insurance coverage could prove very important** in the event of your passing.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Thursday: March retail sales.

Friday: March housing starts and building permits.

Source: Econoday / MarketWatch Calendar, April 12, 2019

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THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: Citigroup (C), Goldman Sachs (GS)

Tuesday: Bank of America (BAC), BlackRock (BLK), Comerica (CMA), IBM (IBM), Johnson & Johnson (JNJ), Netflix (NFLX), UnitedHealth Group (UNH)

Wednesday: Abbott Labs (ABT), Alcoa (AA), Bank of New York Mellon (BNY), Morgan Stanley (MS), PepsiCo (PEP), U.S. Bancorp (USB), United Rentals (URI)

Thursday: American Express (AMEX), Honeywell (HON), Manpower (MAN), Philip Morris (PM), Schlumberger (SLB), Travelers Companies (TRV), Union Pacific (UNP).

Source: Morningstar.com, April 12, 2019.

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QUOTE OF THE WEEK



“To fly we have to have resistance.”

MAYA LIN

Market Index	Close	Week	Y-T-D
DJIA	26,412.30	+0.50%	+13.22%
NASDAQ	7,984.16	+0.91%	+20.33%
MSCI-EAFE	1,909.60	-0.09%	+11.03%
S&P 500	2,907.41	+0.79%	+15.98%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.56%	+0.06%	-0.13%

Sources: The Wall Street Journal, April 12, 2019, Treasury.gov, April 12, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

THE WEEKLY RIDDLE



Name **two** English words (longer than two letters) that **both** begin and end with the letters “**he**” (in that order).

LAST WEEK’S RIDDLE: What is the timepiece with the most moving parts? (It has been around for centuries.)

ANSWER: The hourglass.

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CITATIONS:

- 1 - quotes.wsj.com/index/SPX [4/12/19]
- 2 - quotes.wsj.com/index/DJIA [4/12/19]
- 3 - quotes.wsj.com/index/COMP [4/12/19]
- 4 - quotes.wsj.com/index/XX/990300/historical-prices [4/12/19]
- 5 - cnn.com/2019/04/12/investing/wells-fargo-bank-earnings/index.html [4/12/19]
- 6 - tinyurl.com/y45wuftu [4/12/19]
- 7 - marketwatch.com/story/higher-gas-prices-boost-cost-of-living-in-march-but-inflation-still-soft-cpi-shows-2019-04-10 [4/10/19]

CHART CITATIONS:

- quotes.wsj.com/index/SPX [4/12/19]
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