Weekly Insight

Citizens Bank & Trust | BTC Capital Management™

April 17, 2019

Earnings season is in full force. So far, things are looking better than expected. With 15% of companies reporting for the S&P 500, we have seen positive surprises in sales and earnings. The surprise number for sales is 0.45% with year-over-year growth of 2.37%. For earnings, we have a surprise of 5.56% with year-over-year growth of 0.07%. The Financials sector, with 38% of companies having reported, is seeing better than expected performance in sales and earnings. There has been weakness in the major banks' trading segments. This weakness has been attributed to low market volatility during the first quarter. Overall, analysts expect earnings growth to decline for the first quarter of the year.

The S&P 500 index is up 2.4% already this month, bringing its year-to-date return to 16.4% - a very strong start to the year. This strong performance has been led by returns within the Information Technology and Industrials sectors. Health Care companies struggled earlier this week. Their dip was attributed to the potential impact to health care companies of broader government health care coverage.

This positive performance in equities comes against a backdrop of strengthening economic numbers. For the week ended April 13, initial jobless claims fell to 192,000, a 50-year low. We also saw a pickup in manufacturing as indicated by the Empire state index, a survey of manufacturers in New York State conducted by the Federal Reserve Bank of New York. For April this index came in at 10.1, much better than the expected 7.2 and the previous month's 3.7.

Year-over-year headline PPI increased to 2.2% in March from the previous month's 1.9%. Month-over-month growth was 0.6%, the biggest increase in 5 months. The expectation was for PPI to grow by 0.3%. The increase was attributed to the rising cost of gasoline. After adjusting for food and energy costs, core PPI on the other hand, dipped slightly to 2.4% from the previous month's reading of 2.5%.

Our export partners are paying more for US goods as indicated by the uptick in the Export Price Index to 0.7%, higher than the expected 0.3%. We also paid more for imported goods, but the Import Price Index, at 0.6%, was lower than the export number.
The price of crude oil stayed pretty flat this week with an increase of 0.06%. This is compared to an increase of 6% month-to-date in April.

Weekly Market Topics

- Economy
- Fixed Income Markets
- Equity Markets

All data is as of the above referenced date.

Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper bound)	2.50	1.75	0.50
3-Month T-Bill	2.43	1.81	0.20
10-Year Treasury	2.59	2.87	1.77
30-Year Treasury	2.99	3.06	2.58
10-Year Corporate AA	3.34	3.80	2.78
10-Year High Yield Corp.	5.65	5.85	5.96

Commodity Prices ($)	Current	12M Ago	3YR Ago
Gold ($/oz.)	1,273.98	1,349.41	1,232.49
Oil (WTI, $/barrel)	63.76	62.10	47.29

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	97.01	89.62	94.49
USD/EUR	0.89	0.81	0.88
USD/JPY	112.06	107.23	108.82

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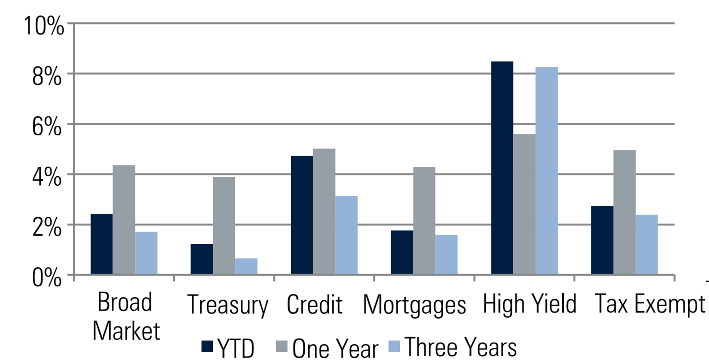
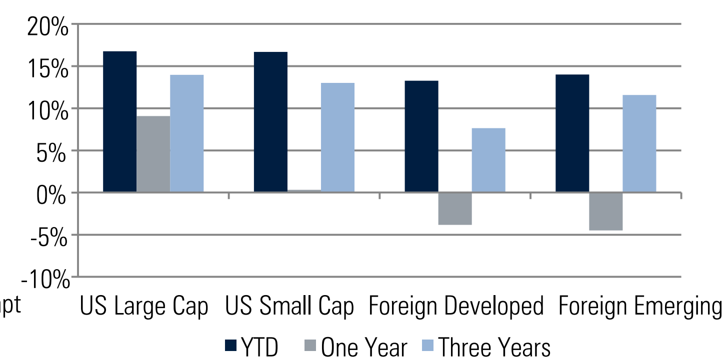
Bond Market Total Returns



Equity Market Total Returns



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.
The information provided has been obtained from sources deemed reliable, but BTC Capital Management and its affiliates cannot guarantee accuracy. Past performance is not a guarantee of future returns. Performance over periods exceeding 12 months has been annualized.