Weekly Market Update

Week of April 1-April 5

Returns	5 Day Return	QTD Total Return	YTD Total Return
S&P 500	-0.89%	-0.89%	9.41%
40/60 SPY/AGG	-1.02%	-1.02%	2.47%
15/85 SPY/AGG	-1.04%	-1.04%	-0.19%
FTSE Europe	-0.86%	-0.86%	4.11%
Emerging Markets	0.41%	0.41%	2.59%
US Aggregate Bonds	-0.99%	-0.99%	-1.72%
US Dollar Index	-0.11%	-0.11%	4.61%

Levels	Latest	1 Month Ago	1 Year Ago
2-Year Treasury Rate	4.78	4.49	4.01
10-Year Treasury Rate	4.43	4.09	3.42
30-Year Treasury Rate	4.56	4.26	3.65
Oil	86.10	78.01	79.74
Natural Gas	1.84	1.81	2.11

PREVIEW TEXT: Market growth slows but stocks react positively to strong unemployment numbers

Weekly Summary

The bull run in equity markets showed signs of slowing last week though little changed in other markets. Most of the week was spent waiting for US payroll and unemployment metrics released Thursday, which were even stronger than the already optimistic forecasts. Oil prices continue to rise and the trend looks unlikely to reverse as economic data released indicating the US manufacturing industry is expanding. Futures markets continue to predict the first rate cuts coming in June, with three rate cuts in total coming by the end of the year.

Economic Data

On Monday the ISM Manufacturing PMI released at 50.3 versus a forecast of 48.4, with any reading above 50 indicating the US manufacturing industry is expanding. On Wednesday the Euro Area released core inflation at 2.9%, slightly under the forecast of 3.0% and the first time the metric has released at under 3.0% in over two years. The same day ISM services PMI released at 51.4 versus a forecast of 52.7, indicating that the US services industry is also expanding though at a slightly lower rate than expected. The most significant pieces of data released at the end of the week, with US Non Farm payrolls indicating that the economy gained 303,000 jobs in the month of March. This was significantly higher than the expected 200,000 jobs. Unemployment also released slightly lower than the expected 3.9%, at 3.8%

Equities

The S&P 500 began a slight pullback last week after extremely strong performance throughout the first quarter. The index fell slightly on Tuesday and Wednesday, before falling over 2.0% in the final hours of trading on Thursday afternoon. There was no clear catalyst for this minor price crash though it is not uncommon to see high volatility in markets just before and after major economic releases like US employment rate. The market then appeared satisfied with strong unemployment data and a large gain in US payrolls, with the S&P 500 gaining back about 1.1% throughout Friday. The Nasdaq 100 continued the trend of struggling to keep up with the S&P, with many of the tech megacaps now trading sideways after extremely strong performance last year.

Fixed Income

Treasury yields moved little in the first half of last week until falling on Thursday, and then reversing close to previous levels on Friday. Bond yields move inversely to prices, meaning a higher demand for bonds increases prices and decreased yields. The large moves in both equity and fixed income markets could therefore indicate that some institutional investors shifted investments from stocks into bonds Thursday afternoon in anticipation of the earnings report, allowing others to take advantage of lower equity prices and higher bond yields on Friday. Futures markets are still predicting an extremely low chance of a rate cut at the next Federal Reserve meeting on May 1st. However, markets still predict a 57% chance of a rate cut being announced at the following meeting on July 31st.

Commodities

Crude oil prices continued to rise last week spurred by expansion in the manufacturing industry. Prices of Western Texas Intermediate broke above $85.00 a barrel on Tuesday for the first time since last November. Prices continued to rise through the week, hitting highs of around $84.50, before moderating slightly on Friday. Little changed in the Natural Gas market with prices falling about 2% in the first half of last week before returning to previous levels by Friday. Gold prices continued to steadily rise. Gold has now gained 13.5% since the start of this year alone, outperforming even the S&P's abnormally high gains of 9.7% over the same period.

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The FTSE Developed Europe Index is an index of European stocks, part of the FTSE Global Equity Index Series. It is a subset of the FTSE Europe Index. The FTSE Eurobloc Index is a subset of it.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.

The US Dollar Index (USDX, DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies.

The Consumer Price Index (CPI) is a measure of inflation compiled by the US Bureau of Labor Studies.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content.

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller.