



## April 2019: Market Review

Global equity prices rallied in April as strong corporate earnings and positive economic data eased recession concerns. The S&P 500 hit record highs during the month and gained +4.1% while rising +18.3% year-to-date. The Dow Jones Industrial Average rose +2.7% (up +14.8% year-to-date) while the tech-heavy NASDAQ Composite appreciated +4.8% (up +22.4% so far this year).

In U.S. economic news, the first reading of first quarter real GDP showed an expansion of 3.2% annualized, beating expectations. The most recent S&P/Case-Shiller National Home Price Index report showed that on a month-over-month basis, home prices were up +0.2% in February, while on a year-over-year basis, prices were +4.0% higher than a year ago. Among commodities, WTI crude oil ended April at \$64 a barrel, up modestly from \$60 a barrel at the end of last month as the rally in oil prices continues. Gold closed the month at \$1,283 per troy ounce, down modestly from \$1,293 at the end of March.

Within domestic equities, growth outperformed value for large- and mid-cap stocks but value led in small cap. Among large cap stocks, the Russell 1000 Growth Index gained +4.5% whereas the Russell 1000 Value Index appreciated +3.6% for the month. In mid cap equities, the Russell Midcap Growth Index increased +4.5% for the month while the Russell Midcap Value Index added +3.3%. In small cap stocks, the Russell 2000 Growth Index appreciated +3.1% during the month versus a gain of +3.8% for the Russell 2000 Value Index.

All major international indexes also posted gains as global economic growth surpassed expectations and global central banks convey a more accommodative stance. The Chinese economy grew at 6.4% for the first quarter, showing strength after decelerating every quarter in 2018. The MSCI EAFE Index gained +2.8% for the month and +13.1% year-to-date while the MSCI Europe Index also rose +3.6% during the month (up +14.8% so far this year). The MSCI Pacific Index added +1.5% during the month and +10.2% so far in 2019. The MSCI Emerging Markets Index returned +2.1% during the month, ending March with a +12.2% year-to-date gain. Emerging market returns were positively impacted by strength in China (+4.0%) and Taiwan (+4.0%) during the month.

U.S. fixed income markets were mixed in April as credit spreads narrowed and riskier bonds outperformed. The yield on the 10-Year Treasury closed the month at 2.51%, higher than last month's close of 2.42%. The Treasury yield curve modestly steepened in April, with the spread between the 10-Year and 2-Year yields ending the month at 24 basis points, up from 14 basis points at March 31. The Bloomberg Barclays Corporate High Yield Index was the strongest performer, posting a gain of +1.4% for the month and +8.8% so far this year. The Bloomberg Barclays U.S. Aggregate Bond Index was flat for the month (up +3.0% year-to-date) but the Bloomberg Barclays U.S. Treasury Index declined -0.3% (up +1.8% so far in 2019). The Bloomberg Barclays Treasury 20+ Year Index was the weakest performer, falling -1.8% during the month and ending March up +2.8% year-to-date.

Equity indexes climbed higher during the month as strong economic data and corporate earnings eased recession fears. Reports of Chinese stimulus and strong economic growth are further contributing to increased market optimism. However, the upside surprise in GDP growth was largely driven by an increase in net exports and inventory pileup, and the deceleration in personal consumption could prove troublesome.