

# MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / APRIL 2018

## April Summary

Global stock markets edged higher in April, supported by a strong earnings season and a rebound in energy stocks. Short-term volatility kept price gains contained, particularly in the U.S. and the emerging markets. Although most U.S. companies beat earnings estimates by a wide margin in the first quarter, higher interest rates and fears that recently enacted tariffs will suppress trade and spur inflation dampened investor enthusiasm. Value stocks staged a resurgence, particularly in the small cap segment, driven by double digit returns from energy companies which make up a large portion of the value index. The U.S. dollar rallied against a broad range of currencies, paring back returns from international investments. Rising interest rates caused most fixed income sectors to decline. The exception was high yield bonds which also benefitted from a large weighting in energy companies. Interest rates stabilized at the end of the month after the Fed meeting ended with no policy changes and a series of benign economic reports.

Economic growth remains positive, but signs of a slowdown are building. In the U.S., consumer spending is losing momentum and recent manufacturing and trade data have been weak. Inflation has reached the

Fed's 2% target despite limited wage pressure. The possibility of further dollar weakness and supply disruptions resulting from escalating tensions between the U.S., China and large oil producers are pushing

inflation expectations upward. Leading economic indicators are also slowing in Europe. Investors will be closely watching how the Fed and other central banks navigate this difficult environment.

## Economic Data

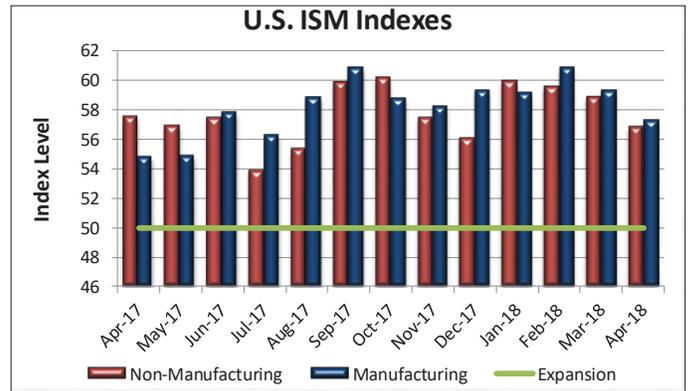
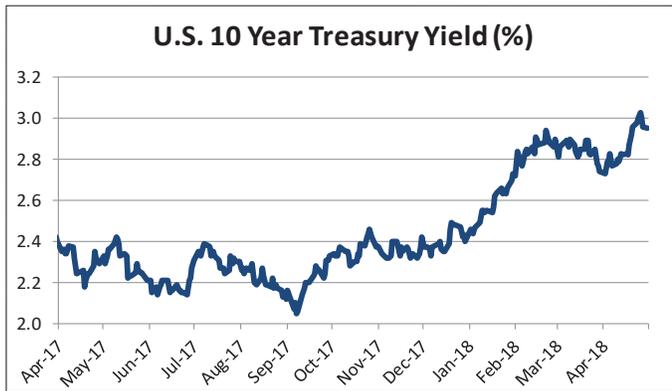
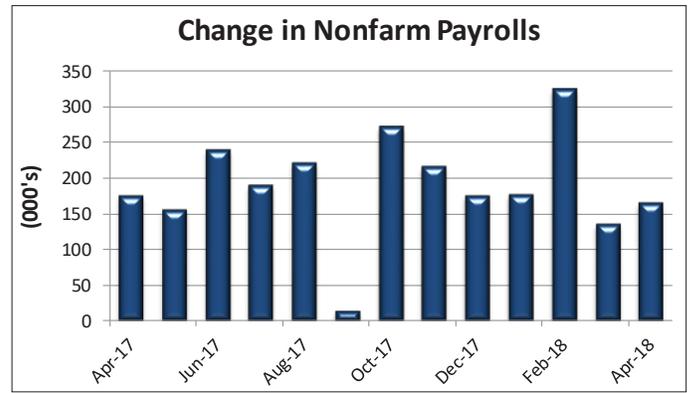
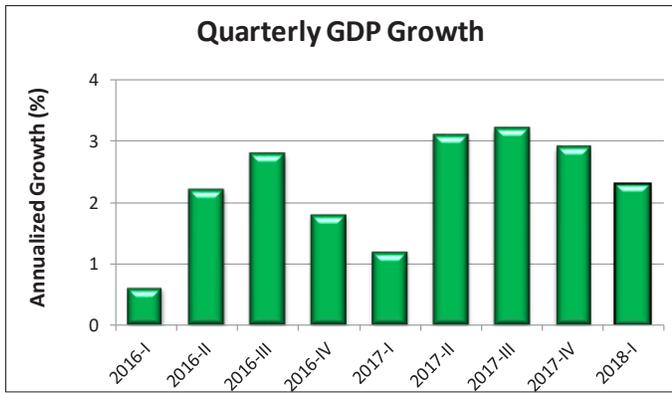
General	Prior	Current
GDP growth	2.9% (Q4 2017)	2.3% (Q1 2018)
Trade balance	-\$57.7B (Feb)	-\$49.0B (Mar)
Employment	Prior	Current
Initial jobless claims	209,000 (4/21)	211,000 (4/28)
Continuing claims	1.83MM (4/14)	1.76MM (4/21)
Change in non-farm payrolls	135,000 (Mar)	164,000 (Apr)
Unemployment rate	4.1% (Mar)	3.9% (Apr)
Average weekly hours	34.5 (Mar)	34.5 (Apr)
Consumer	Prior	Current
Consumer confidence index (Conference Board)	127.0 (Mar)	128.7 (Apr)
Retail sales growth	-0.1% (Feb)	0.6% (Mar)
Change in consumer credit	\$15.6B (Jan)	\$10.6B (Feb)
Manufacturing & Service	Prior	Current
ISM manufacturing index	59.3 (Mar)	57.3 (Apr)
ISM non-manufacturing index	58.8 (Mar)	56.8 (Apr)
Durable goods orders growth	3.5% (Feb)	2.6% (Mar)
Industrial production growth	1.0% (Feb)	0.5% (Mar)
Capacity utilization	77.7% (Feb)	78.0% (Mar)
Real Estate	Prior	Current
New home sales	667,000 (Feb)	694,000 (Mar)
Existing home sales	5.5MM (Feb)	5.6MM (Mar)
S&P CoreLogic CS home price index (YoY)	6.1% (Jan)	6.3% (Feb)
Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.2%/1.8% (Feb)	2.4%/2.1% (Mar)
Producer price index/Core (YoY growth)	2.8%/2.7% (Feb)	3.0%/2.9% (Mar)



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## Market Returns

	Apr 2018	YTD 2018
<b>Cash and Fixed Income</b>		
Barclays Aggregate Bond	-0.7%	-2.2%
Barclays Municipal Bond	-0.4%	-1.5%
Barclays Gbl Agg. ex. U.S.	-2.3%	1.3%
<b>Alternatives</b>		
Bloomberg Commodity	2.6%	2.2%
DJ US Real Estate	0.3%	-5.7%

	Apr 2018	YTD 2018
<b>Domestic Equities</b>		
Wilshire 5000	0.4%	-0.4%
S & P 500	0.4%	-0.4%
Russell 2000	0.9%	0.8%
<b>International Equities</b>		
MSCI EAFE (Developed)	2.3%	0.7%
MSCI EM (Emerging)	-0.4%	1.0%

## Disclaimers

Source for economic data: Bloomberg. Source for market returns: Morningstar®. This commentary was written by Noreen Johnston, CFA, Director of Research and Daniel Cohen, Senior Investment Analyst at Summit Equities, Inc. and Summit Financial Resources, Inc. Indices are unmanaged and cannot be invested into directly. The investment and market data in this newsletter is not an offer to sell or purchase any security or commodity. Past performance does not guarantee future results. The *Bloomberg Barclays U.S. Aggregate Bond Index* is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U.S. The *Bloomberg Barclays Municipal Bond Index* covers the U.S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The *Bloomberg Barclays Global Aggregate Ex U.S. Index* measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities. The *Bloomberg Commodity Index* measures the performance of the commodity sector representing an unleveraged, long-only investment in commodity futures that is broadly diversified, and primarily liquidity weighted. The *Dow Jones U.S. Real Estate Index* measures the performance of the real estate sector of the U.S. equity market. It includes companies in the following industries: real estate holding and development and Real Estate Investment Trusts. The *Wilshire 5000 Total Market Index* measures the performance of all U.S. headquartered equities with readily available price data. It is market capitalization-weighted and is designed to track the overall performance of the U.S. stock market. The *S&P 500 Index* is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. The *Russell 2000 Index* measures the performance of the small cap segment of the U.S. equity universe. The *Russell 2000 Index* is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The *MSCI EAFE Index* (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The *MSCI Emerging Markets Index* is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. Information throughout this Newsletter or any other statement(s) regarding markets or other financial information are obtained from sources which we and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither we nor our information providers shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the reader. Opinions expressed are subject to change without notice and are not intended to be investment advice or a guarantee of future performance. Consult your financial professional before making any investment decision. Securities and Investment Advisory Services offered through Summit Equities, Inc. Member FINRA/SIPC, and Financial Planning Services offered through Summit Equities, Inc.'s affiliate Summit Financial Resources, Inc. 4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3600, Fax: 973-285-3666.

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