

THE CAPITAL MARKETS



The Dow Jones Industrial Average (DJIA) finished April at 26,593, up +2.56% for the month and +14.00% year to date. The S&P 500 closed April 30 at 2,946, up +3.93% for the month, and +17.51% so far for the year. The NASDAQ Composite gained +4.74% in April, up +22.01% for the year. Small company stocks as measured by the Russell 2000 ended April at 1,591, up +3.34% for the month and +17.99% year-to-date. Financials (+8.8%) was the best performing sector and Healthcare (-2.7%) the worst performing in April.

"The Dow, up 14% this year, is enjoying its best four-month start since 1999, while the S&P 500's 18% gain this year ranks as the broad index's strongest run since 1987." (The Wall Street Journal, *Stocks Are Off to Their Best Four-Month Start in Decades*, Michael Wursthorn, April 30, 2019)

Stocks Reach New Highs in April

Following a sharp December drawdown to end 2018, stocks have risen steadily in 2019, reaching new record highs in the month of April. Newfound optimism around U.S. — China trade developments, expectations the Federal Reserve won't raise interest rates, and better than expected GDP data and corporate earnings — helped fuel the April rally. At current price levels, however, many believe much of the good news is already priced in — meaning negative surprises could trigger sharp volatility. With equity valuations above their historical price to earnings ratios, and with uncertainty still surrounding many key market risks, investors should expect the steady upward ascent of markets in 2019 to be disrupted at some point. We continue to believe attempting to time these market moves leads most often to underperformance. Our view is that investors should plan ahead for any near term cash needs, but should otherwise try to view any short term market turbulence in the context of their long term investment horizons.

GDP Growth

First quarter 2019 GDP Growth came in at 3.2%, above the consensus forecast of 2.5%, the best first quarter in four years. The better than expected results were driven in part by a build up of inventories by businesses, and fluctuations of import and export activity, two contributions which many suspect could be temporary. Consumer spending, a core component of GDP, grew at just 1.2% after growing at 2.5% the prior quarter. Many economists are still optimistic, however, that the outlook for business and consumer spending remains strong against a backdrop of historically low unemployment and an expanding economy.

"The strong report marked a turnaround from a gloomy start to the year, when the economy looked close to stalling due to challenges including a partial U.S. government shutdown, market turmoil in late 2018 and slowing global growth. The outlook brightened as the Federal Reserve shelved plans to raise interest rates ... and the global picture improved as China's growth in the first quarter beat expectations." (The Wall Street Journal, *U.S. Economy Grew at 3.2% Rate in First Quarter*, Harriet Torry, April 26, 2019)

Employment Reports

The most recent employment report showed that employers added 263,000 jobs in April, and the unemployment rate fell to 3.6%, the lowest level since 1969. Average hourly earnings increased by 3.2%, a positive for workers and moderate enough not to trigger immediate inflation worries. A slight decrease in the labor force participation rate, Americans either with a job or looking for a job, to 62.8% was one concern on an otherwise positive report. The U.S. economy has now added jobs for 103 straight months, the longest streak on record. A strong jobs market with inflation still under control supports a view of underlying strength in the economy. Signs of inflationary pressure continues to be a closely watched aspect of the labor market.

MARKET METRICS

| INDEX OR METRIC | CLOSE AS OF 03/29/2019 | CLOSE AS OF 04/30/2019 | CHANGE PREVIOUS MONTH END | 2019 YTD % CHANGE |
|------------------------------|---------------------------|---------------------------|---------------------------------|----------------------|
| Dow Jones Industrial Average | 25,928.68 | 26,592.91 | +664.23 | +14.00% |
| S&P 500 | 2,834.40 | 2,945.83 | +111.43 | +17.51% |
| NASDAQ Composite | 7,729.32 | 8,095.387 | +366.067 | +22.01% |
| RUSSELL 2000 | 1,539.74 | 1,591.21 | +51.47 | +17.99% |
| Fed Funds Rate | 2.25%- 2.50% | 2.25% - 2.50% | UNCHANGED | |
| 2-Year Treasury | 2.27% | 2.27% | UNCHANGED | |
| 10-Year Treasury | 2.41% | 2.51% | +0.10% | |
| Crude Oil \$ per Barrel | \$60.14 | \$63.91 | +\$3.77 | +40.74% |
| Gold \$ per Troy oz. | \$1,298.50 | \$1,285.70 | -\$12.80 | +0.34% |
| UK Pound in U.S. \$ | \$1.3031 US = 1£ | \$1.3037 US = 1£ | \$ WEAKER | +2.36% |
| Euro in U.S. \$ | \$1.1229 US= 1€ | \$1.1207 US= 1€ | \$ STRONGER | -1.96% |
| Canada \$ per U.S. \$ | \$1.3359 \$1.00 US | \$1.3452 C \$1.00 US | \$ STRONGER | -1.51% |
| Japan Yen per U.S. \$ | 110.685¥=\$1.00 US | 111.375¥=\$1.00 US | \$ STRONGER | +1.51% |



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