

2019 First Quarter End Economic Update

- **The Bull must die, but not quite yet.** First quarter saw almost a complete reversal of the damage done to the US equity markets in the prior quarter. Even international equity markets had a nice bounce in the first quarter.
- **Trade negotiations... US and China kicking the can down the road.**
 - The end of the 90 day trade truce came and went with nary a whimper. We need cheap Chinese goods to maintain our lifestyle, and they are the biggest foreign investor in US Treasuries. Like a bad case of sibling rivalry, neither side can really afford to destroy the other, but they will periodically beat each other up.
- **Energy sector recovery.** Oil prices are on the upswing again due to OPEC reducing production, and renewed hopes that China will keep growing and needing more oil.
- **Interest Rates: Another yield curve inversion - should we be worried?** This time, it was the 10 year Treasury interest rate that dipped below the 3 month. This historically has been considered a significant marker that a recession was coming. That said, even when it acts as a predictor, it's usually 12-18 months ahead, and this time may actually be different. Governments (including ours) have been manipulating interest rates and bond supplies pretty dramatically for the past decade, so this inversion may not be for the same reasons or have the same results as previous ones.

First quarter looked good for almost everyone, but it was really just undoing the panic damage from the previous quarter. - Anita

	Current Month	Prior Quarter	1st Quarter	Prior Year		52 Week	
	Mar-2019*	Dec-2018	% Change	Mar-2018*		High	Low
Dow	25,928.68	23,327.46	11%	23,848.42		26,951.81	21,712.53
S&P 500	2,834.40	2,506.85	13%	2,605.00		2,940.91	2,346.58
NASDAQ	7,729.32	6,635.28	16%	6,949.23		8,133.30	6,190.17
<i>Commodity Prices</i>							
gold	1,298.50	1,281.30	1%	1,327.30		1,393.20	1,189.30
silver	15.11	15.54	-3%	16.27		17.73	14.10
oil	60.14	45.41	32%	64.94		75.80	43.46
<i>Yield</i>							
2 Year Treasury	2.26%	2.50%	-10%	2.27%		2.99%	2.16%
10 Year Treasury	2.41%	2.68%	-10%	2.74%		3.26%	2.34%
30 Year Treasury	2.82%	3.02%	-7%	2.98%		3.47%	2.79%
<i>Currencies</i>							
USD/Euro	1.12	1.15	-2%	1.23		1.24	1.12
Yen/USD	110.85	109.59	1%	106.24		114.55	104.80
<i>Interest Rates</i>							
Prime	5.50%	5.50%	5%	4.75%		5.50%	4.75%
30 Yr Mortgage	4.10%	4.37%	-6%	4.40%		4.99%	4.02%

*Reflects the last business days of those months.

Data source: www.WSJ.com

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