



THE WEEK IN REVIEW

GDP figures were released on Wednesday, showing the U.S. economy slowed sharply in the first quarter. GDP grew at a 0.2% seasonally adjusted annual rate, below forecasts of a 1.3% expansion. While weather came into play, consumer confidence was also a key factor. Consumer spending, which makes up more than two-thirds of GDP, declined by 1.9% in the first three months of the year. An additional drag was the continuing rise of the dollar. As the dollar strengthens, American goods become more expensive for foreigners. This contributed to a decline in exports of 7.2%.

Also released this week were the FOMC meeting statement and the consumer confidence report. While the Fed acknowledged the weak economy, their language suggested that they do not believe it will be a continuing theme for the year, citing the temporary impact of severe weather and port strikes throughout most of the first quarter. Consumer confidence was arguably the most surprising result, with confidence levels dropping to 95.2 from 101.3. The weakest aspect was the assessment of future conditions, as the expectation factor was down 8.5 points, the lowest score since last year. The weakest sub-component was employment. Respondents are anticipating fewer job openings six months from now, and fewer individuals are seeing rising incomes.

While the economy looked sluggish for the first three months of the year, manufacturing for the month of April remained flat. The ISM Manufacturing Composite Index reported a 51.5 reading, matching the figure from the previous month. The leading detractor to the score was employment, which declined two points to 48.3. A reading below 50 signifies contraction. The leading contributors included new orders and export orders, which rose by 1.7 and 4.0 points from the previous month, respectively.

Despite positive earnings reports, weak GDP and continued uncertainty around potential interest rate hikes led to equity market declines worldwide. Oil continued its slow rebound this week, with West Texas crude nearing \$60 per barrel. Analysts cite the recent bounce in the dollar and slowing inventory growth as contributing factors.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18,024.06	-0.31%	1.13%	8.85%
NASDAQ	5,005.39	-1.70%	5.69%	21.27%
S&P 500 LargeCap	2,108.29	-0.44%	2.40%	11.92%
S&P 400 MidCap	1,513.51	-1.33%	4.20%	11.41%
S&P 600 SmallCap	707.33	-2.45%	1.76%	8.71%
MSCI EAFE	1,918.40	-0.70%	8.09%	-1.30%
MSCI Emerging Markets	1,047.78	-1.99%	9.56%	5.20%
Barclays Aggregate US		-0.60%	1.24%	4.46%
Bloomberg Non-US Govt Bond		-0.92%	1.54%	6.86%
Bloomberg US Treasury Index		-0.67%	1.15%	4.95%
Bloomberg High Yield Index		-0.07%	4.34%	2.35%
FTSE/NAREIT All REIT Index		-2.77%	-1.26%	8.54%
Bloomberg Commodity Index		1.78%	-0.89%	-24.13%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.01%	0.02%	0.02%
2-Year Treasury		0.59%	0.54%	0.41%
5-Year Treasury		1.50%	1.32%	1.66%
10-Year Treasury		2.11%	1.86%	2.61%
30-Year Treasury		2.82%	2.47%	3.61%
Municipal Bond Yields (10 Yr)		2.13%	1.98%	2.34%

Price return as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

On Monday the Census Bureau will release its factory orders report. Analysts expect a 2.1% increase, significantly stronger than February's figure of 0.2%. On Wednesday, ADP will release its estimate of payrolls, followed by weekly jobless claims on Thursday. Friday will provide April's nonfarm payroll figure and official unemployment rate. Analysts forecast that the U.S. added 245,000 new jobs in April, with the unemployment rate dropping to 5.4%.

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