



THE WEEK IN REVIEW

Warmer weather did not help April retail sales, which came in unchanged last month. This was disappointing considering strong consumer confidence and analysts' expectations for a 0.2-0.6% increase. Retail sales excluding autos and gas were up only 0.2%. Poor auto sales weren't a surprise to analysts, but department store sales fell an unexpected 2.2%. Electronics and appliances were both down 0.4%, their seventh consecutive decline. Year-over-year total retail sales increased only 0.9% after being up 1.7% in March.

Consumers turned more skeptical about the economy in early May, according to data released Friday, suggesting there will be no immediate pickup in consumer spending. The University of Michigan's preliminary Index of Consumer Sentiment for May unexpectedly fell to 88.6 from a final April reading of 95.9. The index had reached an 11-year high of 98.1 in January. May's 7.3 point decrease was the largest since December 2012. News that the world's largest economy stalled last quarter shook Americans' outlook, with the tick up in fuel costs since early March also contributing to gloomier perceptions.

With declines in the last four industrial production reports, many were watching to see whether or not this important indicator would show a positive result in April. Once again, however, industrial production was down 0.3%. March was revised up to 0.3% from -0.6%. One of the biggest aspects of the series, manufacturing, has shown poor numbers since November of 2014. Other disappointments within the report were mining and utilities, with production down 0.8% and 1.3%, respectively.

The S&P 500 Index hit an all-time closing high on Thursday, rising 22.62 points, or 1.1%, to 2,121.10, eclipsing the record of 2117.69 on April 24th. Thursday's gains offset three previous days of losses, with the index ending relatively flat for the week. Stocks shot up Thursday as investors reacted to stabilization in the U.S. government bond market, a rally in multinational stocks thanks to a weaker dollar, and a weak reading on inflation at the producer level. Combined, these reports raised concerns that the Federal Reserve could push its first interest rate hike to later in the year. The index then increased another 1.63 points on Friday to end the week at 2,122.73, another record.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18,272.56	0.45%	2.52%	11.10%
NASDAQ	5,048.29	0.89%	6.59%	24.06%
S&P 500 LargeCap	2,122.73	0.31%	3.10%	13.46%
S&P 400 MidCap	1,531.28	0.82%	5.43%	13.78%
S&P 600 SmallCap	715.08	0.66%	1.60%	10.76%
MSCI EAFE	1,942.47	0.88%	9.44%	0.25%
MSCI Emerging Markets	1,035.80	0.08%	8.31%	0.65%
Barclays Aggregate US		-0.40%	0.42%	2.87%
Bloomberg Non-US Govt Bond		-0.79%	0.52%	4.12%
Bloomberg US Treasury Index		-0.50%	0.08%	3.12%
Bloomberg High Yield Index		0.04%	4.56%	1.87%
FTSE/NAREIT All REIT Index		0.53%	-0.22%	8.96%
Bloomberg Commodity Index		1.20%	0.97%	-22.42%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.01%	0.01%	0.02%
2-Year Treasury		0.54%	0.50%	0.35%
5-Year Treasury		1.46%	1.32%	1.52%
10-Year Treasury		2.15%	1.89%	2.49%
30-Year Treasury		2.93%	2.54%	3.33%
Municipal Bond Yields (10 Yr)		2.30%	1.99%	2.22%

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

UPCOMING WEEK

Other than several housing indicators next week, it should be relatively quiet in terms of economic news. On Monday, the National Association of Home Builders will release the Housing Market Index. Then on Tuesday, The Commerce Department will report housing starts. Many will keep a keen eye on this release, following a lackluster March rise. Economists surveyed by Bloomberg expect housing starts to increase 10.2% compared to only a 2.0% increase in March. Existing home sales, scheduled to be announced on Thursday, are also expected to rebound. The Bureau of Labor Statistics will release Consumer Price Index data on Friday to close out the week.

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