

Weekly Recap

Economic Calendar

Monday, May 19

Leading Economic Indicators (LEI).

Tuesday, May 20

No Major Releases.

Wednesday, May 21

Mortgage Activity, U.S. Crude Oil Inventories.

Thursday, May 22

Jobless Claims, Chicago Fed National Activity, S&P flash Manufacturing/Services PMIs, Existing Home Sales.

Friday, May 23

New Home Sales.

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[Market Breadth Improves](#)

[Retail Sales Unchanged](#)

[Annualized Wholesale Inflation Slows to 2.4%](#)

[The Week Ahead Video](#)

Stocks Rebound on U.S.-China Tariff Truce

Equities Surge Despite Weak Consumer Sentiment

U.S. equity indices surged last week on a relief rally theme after U.S. and China trade officials agreed to a framework trade deal, mutually agreeing to initially reduce their respective tariffs by 115% for 90 days. Equities advanced even after disappointing consumer sentiment and persistent inflation concerns. The University of Michigan's preliminary consumer sentiment index fell in May to 50.8, a three-year low.

For the Week...

The S&P 500 surged 5.33%, capping five-straight daily gains and turned positive for the year (+1.81%). The Dow Jones Industrial Average advanced 3.50% and climbed back into positive YTD performance (+0.89%). The Nasdaq Composite performed best last week, up 7.21% to narrow its YTD loss to 0.26%.

Consumer Prices Nudge Higher

The Consumer Price Index (CPI) rose 0.2% in April, matching forecasts, and up from a March 0.1% decline. Annualized, the CPI is up 2.3% from a year ago, down from 2.4% reported in March. Excluding volatile food and energy prices, the core CPI also rose 0.2% in April (+0.3% expected) and held steady up 2.8% from a year ago.

Weekly Sector Insights

All eleven major S&P 500 sector groups posted gains last week led by Technology (+8.21), Consumer Discretionary (+7.76%) and Communication Services (+6.55%). Real Estate (+0.94%) and Healthcare (+0.31%) gained the least. On a year-to-date (YTD) basis, Utilities (+9.44%), Industrials (+9.43%), and Financials (+7.28%) are now this year's top performers. Following its 8.21% rebound last week, Technology narrowed its YTD loss to 0.40%. Consumer Discretionary and Healthcare are down the most YTD (-4.60% and -2.82% respectively).

Treasury Yields Rise

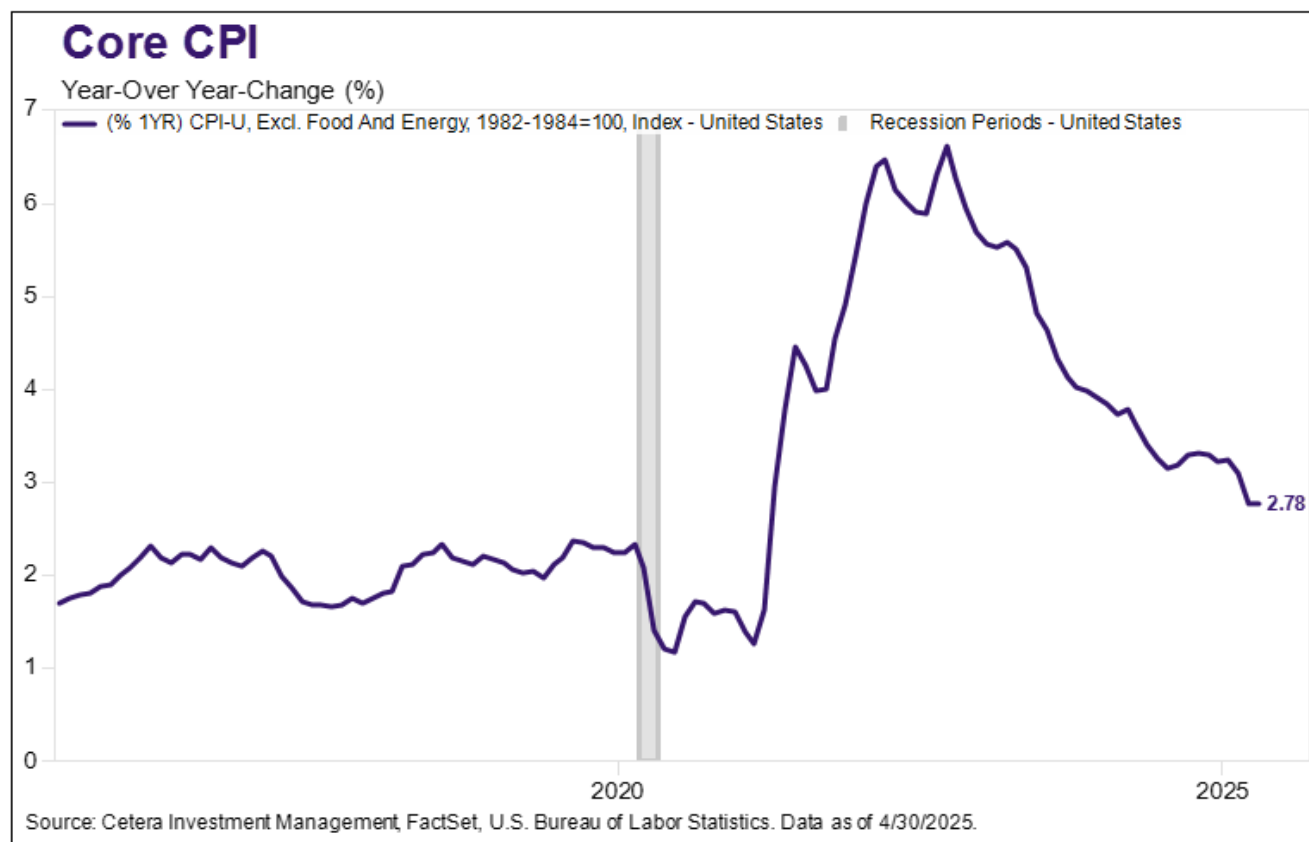
The yield on 10-year Treasury notes ended Friday at 4.445%, up 0.07% for a second straight week. Gold futures backpedaled 4.37% as tariff fears subsided, ending the week at \$3,187.20 per ounce. U.S. WTI crude oil futures rose 2.0% to \$61.97 per barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	3.50%	5.00%	-3.82%	0.89%	8.88%	12.01%
S&P 500	5.33%	7.08%	-2.21%	1.81%	13.99%	15.88%
NASDAQ Composite	7.21%	10.18%	-3.87%	-0.26%	15.86%	19.03%
Russell 3000	5.28%	7.26%	-2.66%	1.51%	13.45%	15.34%
Russell 2000	4.51%	7.68%	-6.95%	-4.78%	2.21%	7.39%
MSCI EAFE	0.94%	2.32%	5.58%	14.35%	9.88%	12.43%
MSCI Emerging Markets	3.09%	5.52%	5.01%	10.04%	9.39%	8.06%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.19%	-1.14%	0.89%	2.01%	4.50%	1.57%
Bloomberg Municipal Bonds	0.02%	0.28%	-1.45%	-0.75%	0.81%	2.80%
Bloomberg US Corp High Yield	0.87%	1.42%	0.77%	2.41%	8.74%	7.61%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.68%	0.22%	-3.63%	3.87%	1.63%	-3.97%
S&P GSCI Crude Oil	2.00%	6.46%	-12.36%	-13.59%	-21.30%	-17.84%
S&P GSCI Gold	-4.37%	-3.15%	10.81%	21.71%	33.47%	20.85%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Inflation Cooling, Not Prices



Inflation is slowing, but prices are still high. A lower inflation rate means prices are rising more slowly—not that they're falling. So, while inflation is easing, consumers are still struggling with the high cost of goods and services. It's not inflation that's hurting—it's the elevated prices caused from past inflation.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.