

U.S. Stocks: Beyond Sweet

As earnings season comes to an end, major fears about U.S. recession possibilities have been set aside (for now), with equities roaring back to life. Of the 388 companies on the S&P 500 that have reported so far, 75.5% beat estimates. While that remains a healthy level, earnings were not the key driver sending stocks on a tumultuous ride this week. Prior to Wednesday's FOMC announcement, the S&P 500 locked in a fresh intra-day high only to drop painfully into the close after Fed Chair Powell said the central bank was "comfortable" with its current policy stance. But, a solid jobs report by the end of the week set the stage for a nice rebound. The unemployment rate unexpectedly fell to a new 49-year low of 3.6%, amid strong hiring and mild wage gains, suggesting the sizzling labour market still has room to run without sparking inflation. The S&P 500 rose the most in a month and is now just a stone's throw from the 3000-mark. The Nasdaq, meantime, locked in a fresh record high while the Dow still whimpered at -0.1%.

The TSX wilted through most of this week, weighed down by declining oil prices and fading gold. The benchmark closed 0.7% lower, just one week after hitting a record high. The energy sector fell 3.7% with oil prices dropping to the lowest level in nearly a month.

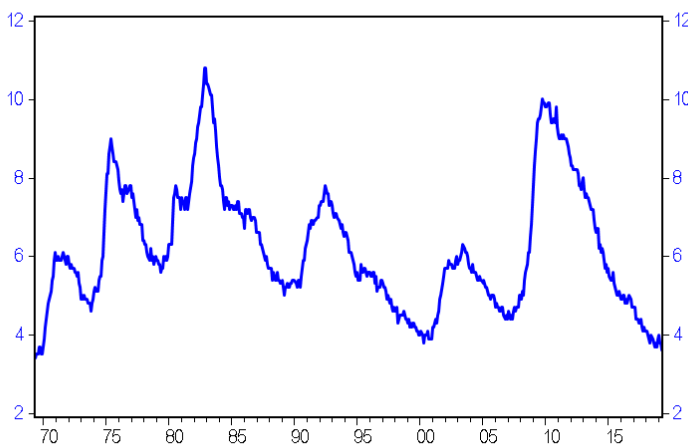
While the U.S. economy remains in a sweet spot, headwinds persist, and pressure is piling on the Fed to cut rates. Where stocks go from here is like watching the Raptors play in the Eastern Conference Semi-Finals...it cannot be determined with absolute certainty.

Market Performance as of May 3, 2019

	Current Price	Performance (percent)					2018
		1 Week	1 Month	3 Months	1 Year	YTD	
DAX	12,413	0.8	3.8	11.0	-2.2	17.6	-18.3
China CSI 300	3,913	0.6	-2.7	20.5	3.2	30.0	-25.3
NASDAQ	8,164	0.2	3.4	12.4	15.2	23.0	-3.9
S&P 500	2,946	0.2	2.5	8.8	12.0	17.5	-6.2
NIKKEI 225	22,259	0.0	2.5	7.1	-1.0	11.2	-12.1
Dow Jones	26,505	-0.1	1.1	5.7	10.8	13.6	-5.6
CAC 40	5,549	-0.4	1.5	10.6	0.9	17.3	-11.0
FTSE 100	7,381	-0.6	-0.5	5.1	-1.6	9.7	-12.5
S&P/TSX	16,494	-0.7	1.3	6.4	5.6	15.2	-11.6

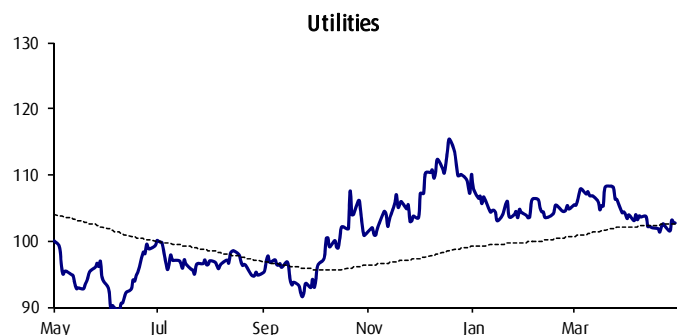
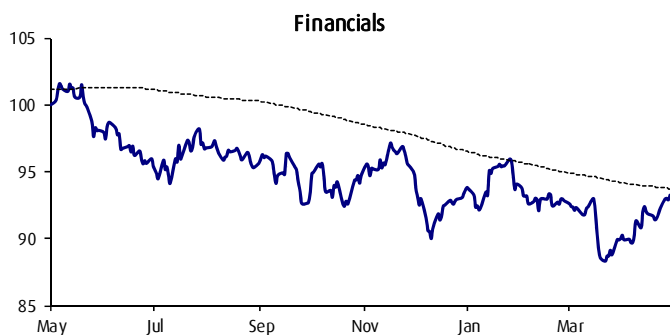
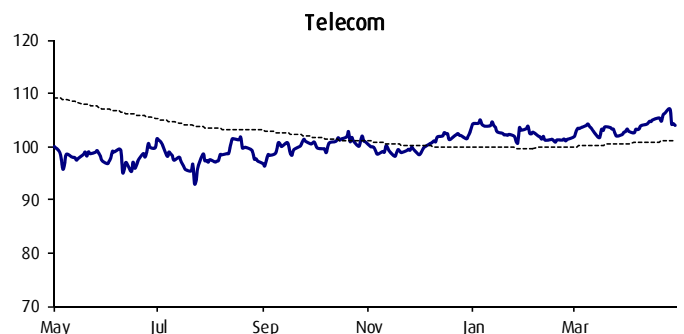
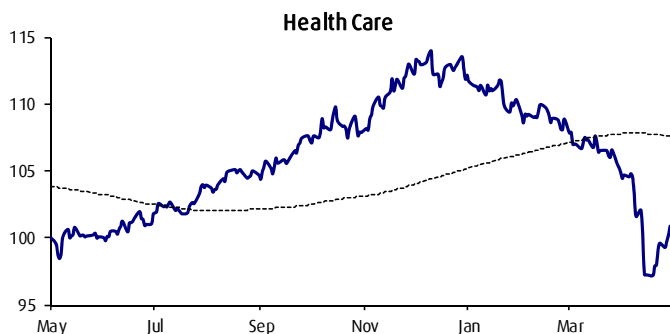
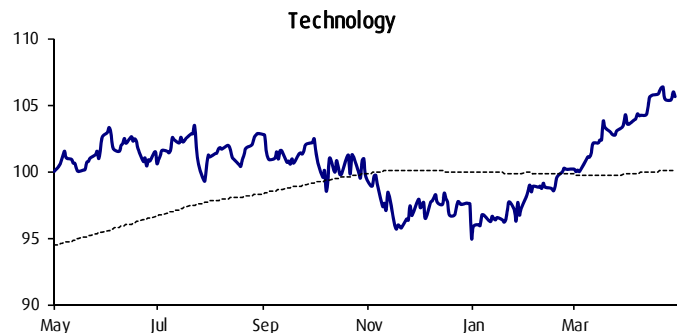
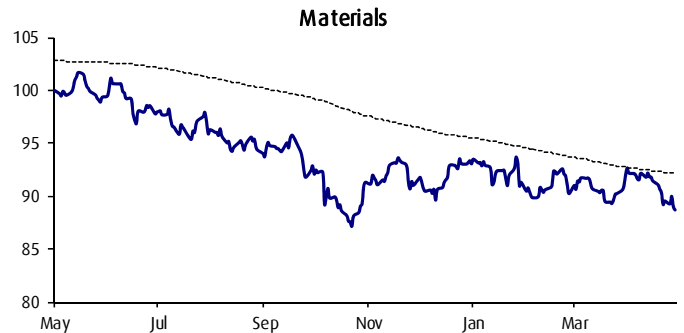
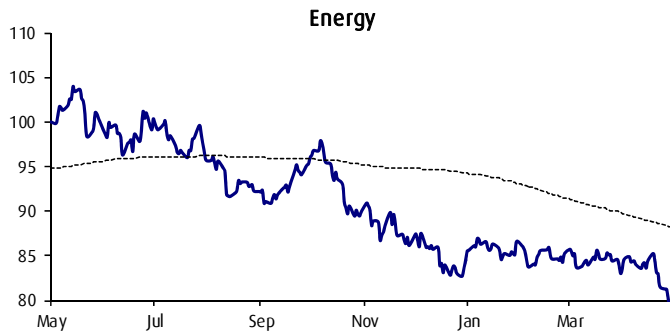
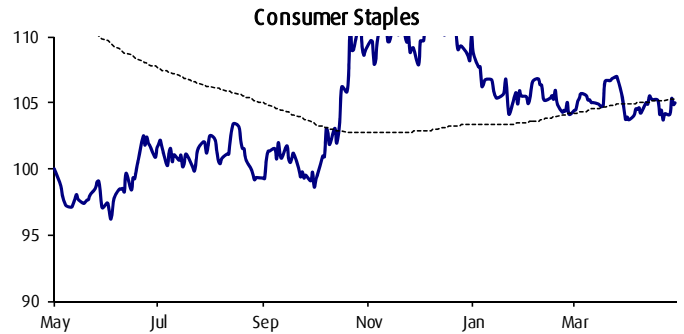
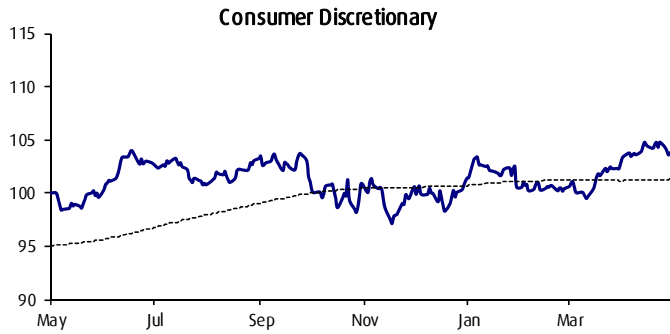
Source: Bloomberg

Civilian Unemployment Rate: 16 yr +
SA, %

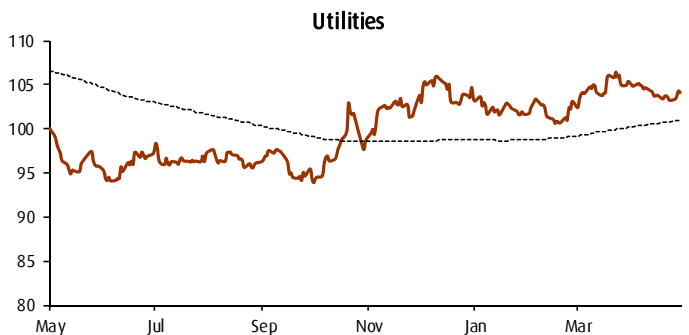
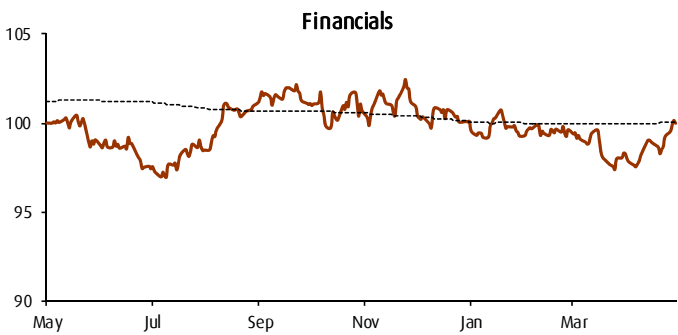
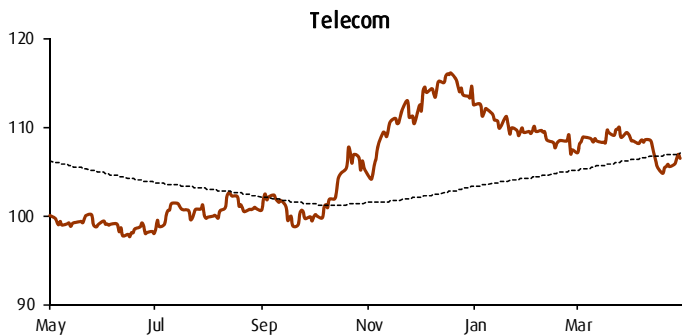
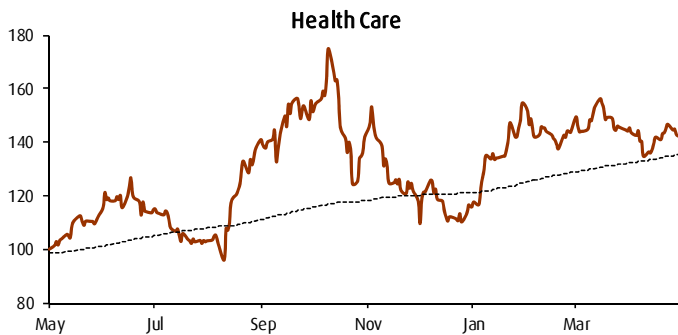
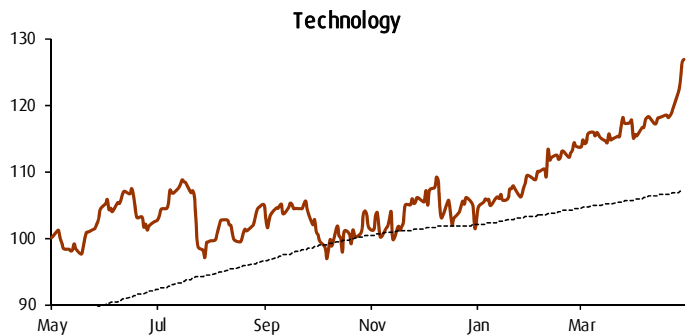
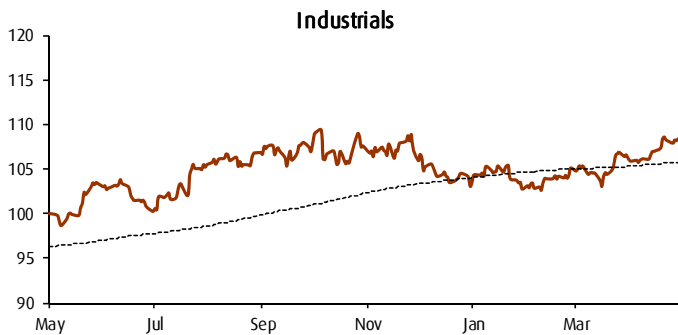
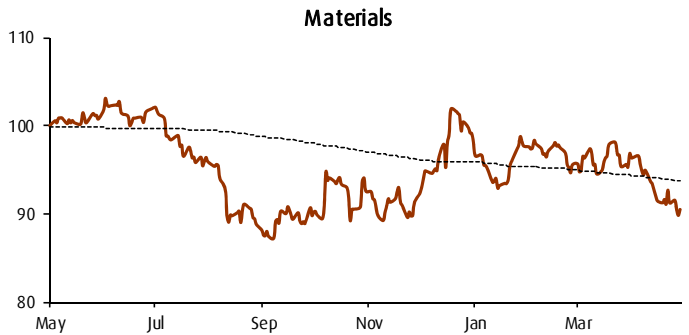
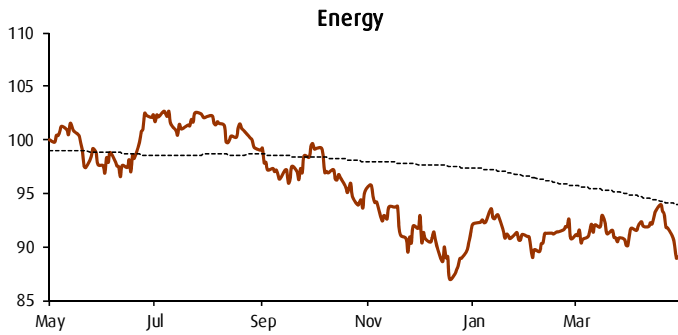
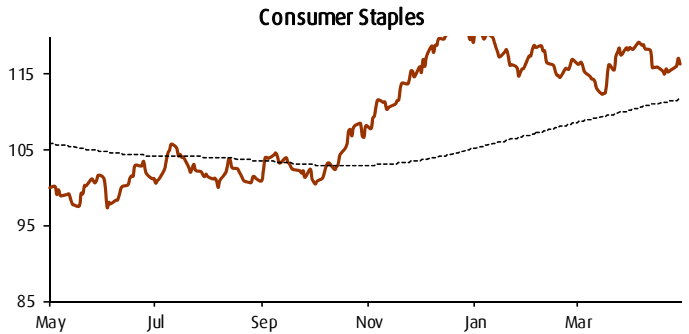
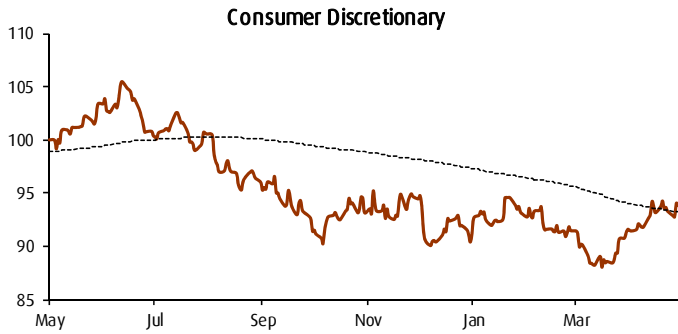


Source: Bureau of Labor Statistics

S&P 500 Sector Performance (Relative to the index, year-ago = 100, dashed line = 200-day m.a.)



TSX Sector Performance (Relative to the index, year-ago = 100, dashed line = 200-day m.a.)



North American Sector Performances as of May 3, 2019

S&P 500 Sectors	1 Week	1 Month	3 Months	1 Year	YTD	2018
Banks	1.4	6.8	7.6	1.6	19.9	-18.4
Health Care	1.3	-1.6	-0.7	12.2	4.2	4.7
Financials	1.2	6.1	7.7	4.3	17.6	-14.7
Industrials	1.1	2.6	9.1	10.0	21.8	-15.0
Cons Staples	0.8	3.5	8.0	17.5	13.1	-11.2
Information Technology	0.3	3.8	18.2	19.1	27.1	-1.6
Utilities	0.3	0.9	6.8	13.7	10.1	0.5
Cons Discretionary	-0.3	4.0	12.8	16.8	22.1	-0.5
Materials	-0.7	-1.1	5.8	-0.6	12.1	-16.4
Telecom Services	-1.8	3.9	10.0	16.1	20.7	-16.4
Energy	-3.3	-2.8	-1.0	-12.5	11.9	-20.5
S&P 400 Mid Cap	0.4	2.9	7.6	5.8	19.1	-12.5
S&P 100 Large Cap	0.2	3.0	9.7	13.2	17.3	-5.9
S&P 600 Small Cap	-0.4	2.0	3.8	2.3	14.7	-9.8
S&P 500	0.2	2.5	8.8	12.0	17.5	-6.2

TSX Sectors

Information Technology	6.0	9.2	24.6	34.9	37.7	12.5
Banks	0.8	3.3	4.4	4.0	13.0	-11.4
Financials	0.6	3.0	6.9	5.3	15.1	-12.6
Cons Staples	0.2	-0.3	7.0	21.6	10.9	0.6
Telecom Services	-0.1	-1.3	3.1	11.6	7.9	-5.3
Utilities	-0.2	0.1	8.7	8.7	15.4	-13.4
Cons Discretionary	-0.5	4.2	7.1	-1.1	17.5	-17.7
Industrials	-0.6	3.0	11.4	15.8	19.4	-3.9
Health Care	-2.6	-0.2	2.1	50.3	48.7	-16.6
Materials	-3.1	-3.8	-1.9	-4.7	3.8	-10.6
Gold	-3.6	-5.2	-4.7	-5.4	-1.8	-7.2
Energy	-3.7	0.1	4.5	-5.7	15.3	-21.5
Income Trusts	-0.4	-2.0	6.3	10.4	14.0	-7.0
REITs	-0.6	-3.8	2.9	11.6	9.9	0.9
S&P/TSX 60 Large Cap	-0.4	2.1	7.1	7.5	15.4	-10.5
S&P/TSX Mid Cap	-1.7	-1.2	4.0	-0.4	14.2	-15.2
S&P/TSX Small Cap	-2.6	-2.8	-0.2	-11.3	7.2	-20.1
TSX	-0.7	1.3	6.4	5.6	15.2	-11.6

Source: Bloomberg

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