

Earnings season for the fourth quarter of 2018 is at a close. Nearly 99% of companies in the S&P 500 index have reported. We saw another quarter of growth in sales and earnings for the index. Sales growth came in at 7.1%, which is 1.8% better than expected. Earnings grew even faster, at 13.4%, which is 3.6% better than expected. Growth was led by the Energy and Communication Services sectors. Sales growth is expected to be positive for the first quarter of 2019, while earnings are expected to contract. Sales and earnings growth for the entire year are expected to be positive.

Personal income grew 1% in December. Income was anticipated to be flat for the month with growth of 0.4%. Conversely, personal consumption spending was down 0.5%. This decline indicates slower spending for the first quarter of the year.

There is some strength in residential real estate after a disappointing 2018. New home sales for December were up by 22,000 from November to 621,000. This is better than the expectation of 585,000. Pending home sales for January increased by 4.6% after December saw a decline of 2.3%. On the other hand, construction spending took a dip. December construction spending declined by 0.6%. An Associated General Contractors of America survey showed that optimism for 2019 multifamily residential projects was lower than in 2018. The 2018 survey showed 34% of contractors expected more money to be available for multifamily residential projects. In 2019, the number is down to 26%.

Manufacturing survey numbers are out for February. Markit PMI Manufacturing numbers for the month were a little weaker than expected at 53, which is 0.7 lower than the previous month and the consensus expectation. The number is still within positive ranges. ISM PMI numbers were similar to Markit PMI numbers. We saw February results of 54.2, lower than the expected 55.8.

Light vehicle sales dipped in February to 16.5 million. This dip, near a 10-year low, reflects a decrease in sales of sedans. More and more U.S. manufacturers are adjusting production for consumers' evolving preference for SUVs.

Crude oil pricing stayed flat this week. Price fluctuations stayed within a range of 2%, but pricing pressures remain due to increased U.S. oil supply.

## Weekly Market Topics

- Economy
- Fixed Income Markets
- Equity Markets

*All data is as of the above referenced date.*

Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper bound)	2.50	1.50	0.50
3-Month T-Bill	2.45	1.44	0.23
10-Year Treasury	2.69	2.59	2.03
30-Year Treasury	3.07	2.86	2.81
10-Year Corporate AA	3.44	3.33	3.26
10-Year High Yield Corp.	6.02	5.37	6.35

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,286.36	1,326.84	1,088.88
Oil (WTI, \$/barrel)	56.22	60.03	43.14

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	96.87	90.54	98.96
USD/EUR	0.88	0.82	0.92
USCN/JPV	111.77	111.90	116.08

### For more information, contact:

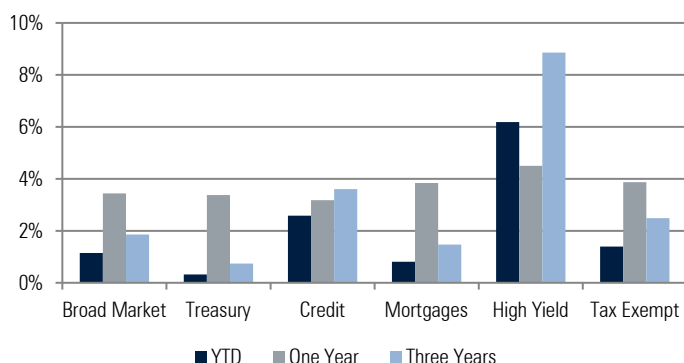
**Amy DeGraff**  
Vice President, Trust Officer  
Wealth Management  
amyd@thecnb.bank

**Kevin Ukens**  
Wealth Management  
kevinu@thecnb.bank  
785.275.5000

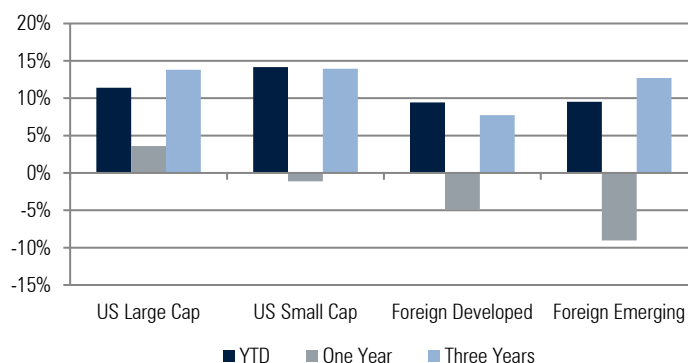
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Bond Market Total Returns



Equity Market Total Returns



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.

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