THE CITIZENS NATIONAL BANK in partnership with BTC CAPITAL MANAGEMENT™

Weekly Insight

April 10, 2019

Returns were positive for the week in both fixed income as well as equities. The S&P 500 Index advanced 0.6% with small-caps doing twice as well and posting a gain of 1.3%. Foreign developed markets were down for the week and continue to lag. Emerging markets fared better with a gain of 1.5% led by strength in Korea, Mexico and Brazil. The Bloomberg Barclays Aggregate Bond Index was up 0.3% as interest rates inched lower.

The economic calendar was pretty full over the past week with jobs taking center stage. On balance, the labor market has shown some weakness under the hood despite headline numbers remaining robust. Challenger job cuts were higher versus the prior year for the eighth straight month. Jobless claims remain exceptionally low, especially when adjusted for the size of the labor market. Continuing claims have stopped their upward trajectory and might be a sign of improvement to come. Countering this was ADP reporting that small business shed jobs for the second straight month, the first occurrence this entire expansion. The widely followed BLS employment report showed 182,000 jobs were created in March, which was in line with consensus. And lastly, job openings came in way short of expectations, but the growth rate from the prior year remains positive.

The IMF again downgraded global growth this week. The downgrades to growth can seem to signify further weakness, but often it is just a reaction to the previous data points. The OECD global leading indicator showed the slowdown started all the way back in March 2018. Therefore, we are one year into this current global growth downturn and toward the latter innings based on the historical length of such slowdowns. The severity of the slowdown is still to be determined, but there are tentative signs that global growth may have bottomed based on some leading indicators.

China remains the big swing factor and credit growth has jumped this year, but the monetary transmission has been failing in recent quarters. Therefore, Chinese money supply via their M1 indicator, set to be released this week, could have a big impact on markets in the short-term. An upward move in Chinese money supply would further raise optimism toward risk assets.

First-quarter earnings season is set to accelerate this week. There remains a sizeable divergence among participants on the trajectory of earnings growth in the second half of the year. Much attention will be paid to forward earnings guidance in the coming weeks.

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	2.41	1.44	0.23
10-Year Treasury	2.46	2.59	2.03
30-Year Treasury	2.89	2.86	2.81
10-Year Corporate AA	3.24	3.33	3.26
10-Year High Yield Corp.	5.71	5.37	6.35
Commodity Prices ($)	**Current**	**12M Ago**	**3YR Ago**
Gold ($/oz.)	1,307.99	1,326.84	1,088.88
Oil (WTI, $/barrel)	64.61	60.03	43.14
Currencies	**Current**	**12M Ago**	**3YR Ago**
USD (Dollar Index Spot)	96.95	90.54	98.96
USD/EUR	0.89	0.82	0.92
USD/JPY	111.01	111.29	116.98

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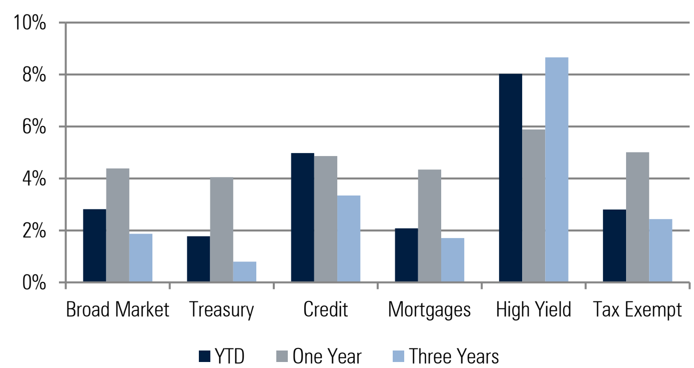
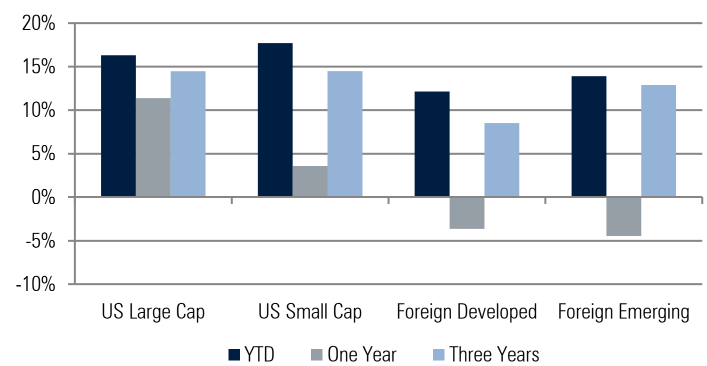
Bond Market Total Returns



Equity Market Total Returns



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.
The information provided has been obtained from sources deemed reliable, but BTC Capital Management and its affiliates cannot guarantee accuracy. Past performance is not a guarantee of future returns. Performance over periods exceeding 12 months has been annualized.