

# April 2018 Market Watch

The major domestic indices all finished the month slightly positive on the back of favorable economic data and strong corporate earnings growth. The U.S. gross domestic product (GDP) grew +2.3% in the first quarter. Consumer spending rose just 1.1%, its slowest pace in five years, despite data from the U.S. Labor Department that showed the employee cost index grew at its fastest pace (+2.7% YoY) since 2008. Wage inflation is popping up in many pockets of the economy as a historically low unemployment rates is making it more difficult for many employers to find and retain qualified workers. First quarter earnings for the companies that make up the S&P 500 are on pace to grow +25% YoY. Over half the earnings growth, however, is directly attributable to the recent tax overhaul, which lowered the U.S. corporate tax rate to 21% from 35%.

In April, the S&P 500, NASDAQ, and DJIA had returns of +0.3% MTD, +0.2% MTD, and +0.0% MTD, respectively. Total returns for the month saw wider dispersions among the different sectors, however. The Energy sector was the best performer during the month (+9.4% MTD) due to a rise in crude oil prices. The worst performing sector was the Consumer Staples sector, which finished April down -4.3% MTD. The negative returns in the Staples sector were largely driven by weaker than expected earnings by many of the largest consumer products companies.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	4/30/18	4/23/18	%chg	3/30/18	% chg	4/30/17	% chg	Return*
<b>DJIA</b>	24,163.2	24,448.7	-1.2%	24,103.1	0.2%	20,940.5	15.4%	-2.2%
<b>S&amp;P 500</b>	2,648.1	2,670.3	-0.8%	2,640.9	0.3%	2,384.2	11.1%	-1.0%
<b>NYSE Comp Index</b>	12,515.4	12,610.8	-0.8%	12,452.1	0.5%	11,536.1	8.5%	-2.3%
<b>NASDAQ Composite</b>	7,066.3	7,128.6	-0.9%	7,063.5	0.0%	6,047.6	16.8%	2.4%
<b>Russell 2000</b>	1,541.9	1,562.1	-1.3%	1,529.4	0.8%	1,400.4	10.1%	0.4%
<b>Japan Nikkei 225</b>	22,467.9	22,088.0	1.7%	21,159.1	6.2%	19,196.7	17.0%	-1.3%
<b>MSCI EM (Emerging Markets)</b>	1,164.4	1,158.3	0.5%	1,169.3	-0.4%	978.0	19.1%	0.5%
<b>MSCI EAFE</b>	2,043.7	2,044.8	-0.1%	2,002.2	2.1%	1,833.7	11.4%	-0.3%
<b>FTSE 100</b>	7,509.3	7,398.9	1.5%	7,056.6	6.4%	7,203.9	4.2%	-0.9%
<b>SSE Comp Index</b>	3,082.2	3,068.0	0.5%	3,160.5	-2.5%	3,154.7	-2.3%	-6.8%

## US Equity Sector Performance

	April	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	2.4%	5.5%	16.8%
<b>Consumer Staples</b>	-4.3%	-11.1%	-6.1%
<b>Energy</b>	9.4%	2.9%	12.4%
<b>Financials</b>	-0.4%	-1.3%	18.6%
<b>Health Care</b>	1.2%	0.0%	10.9%
<b>Industrials</b>	-2.8%	-4.3%	8.8%
<b>Information Tech</b>	0.1%	3.6%	24.6%
<b>Materials</b>	0.2%	-5.4%	9.2%
<b>Telecom</b>	-1.0%	-8.4%	-2.6%
<b>Utilities</b>	2.1%	-1.3%	3.2%
<b>Real Estate</b>	-0.5%	-5.8%	0.5%

## US Equity Style Performance

	April	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	2.1%	-2.3%	0.4%
<b>AMEX DJ TRANS Avg.</b>	0.3%	-1.4%	16.2%
<b>Russell 1000 Value</b>	0.3%	-2.5%	7.5%
<b>Russell 1000 Growth</b>	0.3%	1.8%	19.0%
<b>Russell 2000 Value</b>	1.7%	-1.0%	6.5%
<b>Russell 2000 Growth</b>	0.1%	2.4%	16.6%

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These businesses have suffered from changing consumer preferences towards healthier, more transparent options and the rise of sales moving online. Online shopping has led to unprecedented levels of price transparency that has disrupted many different industries and is currently resulting in an environment that is stunting many CPG companies' ability to raise prices to offset weak volumes. In total, six of the eleven S&P 500 sectors had positive returns in April.

International markets were somewhat mixed in April. The U.K.'s FTSE 100 (+6.4% MTD) and Japan's Nikkei (+6.2% MTD) were sharply positive, while China's SSE Composite (-2.5% MTD) was this month's laggard.

Interest rates rose across the yield curve in April, leading to heightened investor concern around inflation and the pace of interest rate hikes by the Fed. Bond prices move inversely to bond yields, therefore an increase in bond yields results in a decline in bond prices and vice versa. The yield on the 3-Month U.S. Treasury bill increased nine basis points (bps) to 1.81%, while the yield on the 10-Year U.S. Treasury bond increased nineteen bps to 2.93%. The yield on the 10-Year bond reached 3.0% intra month, marking the first time it reached such levels since 2014.

The Bloomberg Commodity Index was up +2.4% MTD in April, as a rally in crude oil offset a slight decline in gold. Crude oil had its second consecutive positive month, finishing April +5.6% MTD at \$68.57/barrel. Gold finished down -0.6% MTD to settle at \$1,319.20/ounce.

## Bond Markets (%)

	4/30/18	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.81	1.72	0.80
US Benchmark Bond – 6 Mth	2.01	1.92	0.98
US Benchmark Bond – 2 Yr	2.47	2.26	1.27
US Benchmark Bond – 5 Yr	2.78	2.56	1.81
US Benchmark Bond – 10 Yr	2.93	2.74	2.28
US Benchmark Bond – 30 Yr	3.09	2.97	2.95

## US Bond Sector Performance

	April	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Aggregate Govt. Intrm.	-0.57%	0.03%	-1.22%

## Exchange Rates (per US dollar)

	4/30/18	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.282	1.289	1.367
Mexican New Peso	18.782	18.254	18.978
Euro	0.828	0.813	0.918
British Pound	0.726	0.713	0.773
Swiss Franc	0.990	0.958	0.995
Chinese Yuan	6.345	6.292	6.897
Indian Rupee	66.740	65.222	64.330
Japanese Yen	109.425	106.350	111.470

## Commodities (In US dollars)

	4/30/18	1 Mth Ago	1 Yr Ago
Gold	1,319.20	1,327.30	1,268.30
Crude Oil	68.57	64.94	49.33
US Dollar Index	91.63	89.81	98.90
Bloomberg Commodity IDX	89.59	87.47	84.01

## Interest Rates (%)

	4/30/18	1 Mth Ago	1 Yr Ago
Prime Rate	4.75	4.75	4.00
Federal Funds Rate	1.70	1.68	0.91
Libor Rate 30 Day	1.91	1.88	1.00
Libor Rate 3 Months	2.36	2.31	1.17
30yr Fixed Mortgage	4.55	4.45	4.03

## Economic Sentiment

	4/30/18	1 Yr Ago
Unemployment Rate	3.90%	4.40%
Average Single Family Home	290,800	288,600
Capacity Utilization	78.02%	76.24%

\*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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