## Weekly Market Guide

E. William Stone, CFA® CMT Chief Investment Strategist

Marsella Martino Senior Investment Strategist

Rebekah McCahan **Investment Strategist**  Michael Zoller

**Investment Strategist** 

Commentary: Despite the Geneva accord late last week, the de-escalation in Ukraine remains tenuous and is likely to continue to hold headline risk for the markets. Almost one-third of S&P 500® constituents report earnings this week, with a broad mix across sectors; this week should give us a better read on the earnings season. The U.S. and Eurozone report preliminary April PMI data. April PMI data out of China will be watched for implications for 2Q14 economic growth. Japan reported a larger March trade deficit than expected, with exports below and imports above expectations. Japan will report April inflation for Tokyo, which is the first report since the sales tax hike on April 1. Central banks of Colombia, Mexico, New Zealand, Thailand, and Turkey meet this week, with the only change expected from New Zealand.

Week in Review: The S&P 500 posted its best week since last July on better corporate earnings and easing tensions in Ukraine. Eighty-two S&P 500 companies have reported 1Q14 results so far; 66% have reported profits above Street expectations. The blended earnings growth rate is estimated at -1.3% versus 1Q13. Many reporting companies cited adverse winter weather in their reports and conference calls and some cited the negative impact from foreign exchange activity. Companies were optimistic regarding the Eurozone outlook. Earnings estimates appear to pick up for the remaining three quarters. We attended a luncheon at the Economic Club of New York where Janet Yellen delivered her first big speech as Fed Chair. Her comments had a dovish tilt in our view and were consistent with our expectations that short-term rates are not likely to be hiked until late 2015. The Fed released its Beige Book, indicating the economy is showing signs of emerging from the severe winter. The U.K. jobs report showed a marked improvement, dropping from 7.2% to 6.9%. Chinese Q1 GDP was better than expected at 7.4% year-over-year growth.

							Z.	omic Data	Consensus	
	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)			4/21	US Leading Index	0.7%	0.5%
S&P 500	2.71	0.89	19.91	16.36	15.74	1.93	4/22	US Existing Home Sales (m/m)	-1.1%	-0.4%
S&P 500 Growth	2.92	0.07	20.66	18.80	17.04	1.73	4/22	EC Consumer Confidence	-9.3	-9.3
S&P 500 Value	2.48	1.79	19.12	15.17	14.86	2.29	4/22	US FHFA House Price Index (m/m)	0.5%	0.5%
S&P Mid-Cap 400	2.50	0.66	20.52	19.95	17.96	1.36	4/23	FR Manufacturing PMI	51.9	52.1
S&P Small-Cap 600	2.32	-1.17	28.75	20.82	19.25	1.15	4/23	FR Services PMI	51.3	51.5
FTSE NAREIT Equity	2.09	8.99	-3.12	-	-	3.61	4/23	GE Manufacturing PMI	53.8	53.7
Global Equities						4/23	GE Services PMI	53.3	53.0	
	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)	4/23	EC Manufacturing PMI	53.0	53.0
World	0.18	0.88	13.62	14.93	14.75	2.31		•		
MSCI EAFE	1.06	0.04	14.43	18.29	14.18	3.23	4/23	EC Services PMI	52.5	52.2
MSCI EM	-0.35	0.92	-0.01	11.97	10.92	2.75	4/23	US Manufacturing PMI	56.0	55.5
Developed					4/23	US New Home Sales (m/m)	2.3%	-3.3%		
Japan	0.65	-7.30	1.02	13.76	14.29	1.84	4/24	US Durable Goods Orders	2.0%	2.2%
U.K.	-0.47	-0.72	18.24	18.26	14.67	3.10	4/24	US Jobless Claims	315k	304k
Germany	-0.95	-1.14	28.73	16.43	13.71	2.62	4/24	JN CPI (y/y)	1.6%	1.5%
Canada	0.54	2.78	12.19	15.85	16.40	2.89	4/24	GE IFO Business Climate	110.4	110.7
Emerging					4/24	GE Import Price Index (m/m)	-0.1%	-0.1%		
China	-1.75	-3.05	2.85	11.31	9.51	3.27	4/25	US U. Michigan Confidence	83.0	82.6
South Korea	-0.43	1.89	12.96	11.66	10.50	1.12		3		l l
EMEA	-2.24	-4.12	-4.73	9.77	10.25	0.00	4/25	UK Retail Sales (m/m)	-0.4%	1.7%
Latin America	-0.21	2.11	-11.98	14.80	13.86	2.73	4/25	US Services PMI	55.3	55.3

Alternative Assets							
	Last wk price	Last wk rtn (%)	YTD (%)	52-wk (%)			
DJ/UBS	137.1	-0.22	9.49	4.69			
HFRX Macro	1115.6	-0.26	-4.33	-3.67			
TIPS Index	278.4	0.11	3.21	-6.30			

Rates							
	Friday Close	3-mo ago	6-mo	12-mo			
	(%)	(%)	ago (%)	ago (%)			
Fed Funds	0.09	0.07	0.10	0.15			
Prime	3.25	3.25	3.25	3.25			
2-yr Treas	0.43	0.40	0.33	0.24			
10-yr Treas	2.73	2.84	2.61	1.73			
30-yr Mgt	4.36	3.65	4.27	3.50			
IG Yield	3.15	3.22	3.26	2.71			
HY Corp	6.05	6.22	6.56	6.31			
Currencies/Commodities/Volatility							
\$ Index	79.85	83.60	79.26	82.68			
\$per€	1.38	1.36	1.37	1.30			
\$ per £	1.68	1.64	1.61	1.52			
¥ per \$	102.27	104.27	97.77	97.59			
Gold	1293.90	1251.90	1323.00	1382.70			
Crude Oil	104.30	94.37	100.67	86.68			

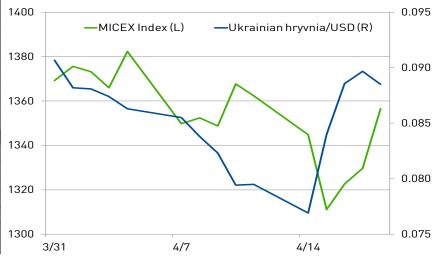
12.44

13.36

VIX

## PNC's WEEKLY CHART

Tensions eased late in the week, as U.S., EU, Russian, and Ukraine leaders met in Geneva, unexpectedly agreeing to de-escalate the crisis. Russian equities as measured by the MICEX rallied over 3% since midweek. Ukraine's currency, the hryvnia, advanced 12% this week versus the dollar. See our recent Market Update, From Russia with (No) Love for an update on Russia's economy, precrisis and economic implications of the situation with Ukraine.



16.51

13.48



Sources: FactSet Research Systems, Dow Jones UBS Index, Barclays Capital, Bankrate.com, Chicago Board Options Exchange, Bloomberg, Bank of America/ Merrill Lynch, HFR Asset Management, LLC, MSCI

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