

What happened in April?



U.S. stocks hit fresh highs in April for the first time since September 2018. These were brought on in part by positive U.S. economic data, renewed trade optimism and generally positive Q1 earnings reports.

Economic data released in April showed that the U.S. economy grew at an annualized rate of 3.2%, higher than economists' forecasts. This growth rate is the

strongest for a first quarter in four years and occurred despite a decrease in consumer spending. Exports and inventory investment growth was strong enough to counter this decrease. The U.S. and China have also set a tentative timeline for a trade agreement that will reportedly lead to a signing ceremony in either late May or early June. Q1 earnings reports continue to roll in and have been generally positive. Google's parent company, Alphabet, did report a slowdown in advertising revenue towards the end of April but the technology sector was still a leader of S&P 500 sectors, second only to financials last month.

There was also some positive news out of the Eurozone in April with the GDP growth rate hitting 1.5% during the first quarter. While still below the U.S., this rate was higher than expected and significantly stronger than Q4 2018's 0.9%. Emerging markets, as measured by the MSCI Emerging Markets Index, had another positive month, up 2.1%. However, a strong U.S. economy has resulted in a strengthening dollar that could derail this region's equity market success this year.

March by the Numbers:

U.S. Equities: **4.0%**
S&P 500 Index

International Equities: **2.6%**
ACWI ex-U.S.

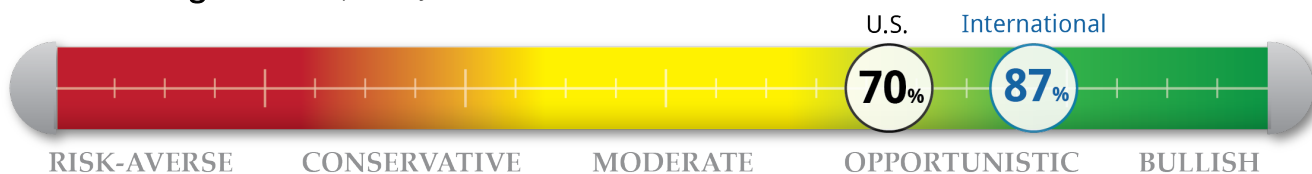
U.S. Bonds: **0.0%**
Barclays U.S. Aggregate Bond Index

Global Bonds: **-0.2%**
JP Morgan Global Aggregate Bond Index

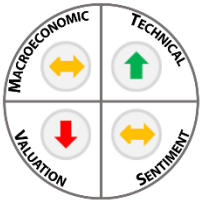
Moving into May

There is no guarantee that the U.S. and China will reach an agreement in the next two months or at all. It is likely that the market has already digested the positive news from last month and in the event of a breakdown in discussions at this point, market volatility would very likely spike. Progress has stalled previously during these negotiations but a falter at this point may have more negative impacts than before on investors. The U.S. Federal Reserve's meeting in May could help shine further light on its patient stance as the officials digest the most recent positive economic news. Moving into May we are 70% invested in our U.S. tactical strategy as valuation indicators have depressed further while other indicators are holding relatively steady. Technical indicators lead the way for our international tactical strategy and valuations look significantly more positive relative to the U.S. We are 87% invested in the international tactical strategy.

NorthCoast Navigator: A snapshot of NorthCoast's market outlook



Negative Indicators	Neutral Indicators	Positive Indicators
<p>Valuation</p> <p>With the U.S. equity market continuing its positive run this year and hitting new highs in April, valuations have stretched further. P/E ratios sit at 19.3 showing that U.S. equities are relatively expensive assets.</p>	<p>Macroeconomic</p> <p>GDP growth rate for Q1 2019 came in above expectations at 3.2%. Consumer spending increased in February and March but were below the expected growth rates. Inflation in March was 1.5%. 2% inflation is the Fed's target for healthy economic growth.</p>	<p>Technical</p> <p>Fresh highs mean the S&P 500 rose further above its 50, 100 and 200-day moving averages. Momentum also strengthened shown by the Relative Strength Index rising 8 points relative to the end of March. The VIX decreased further from March to 13.1.</p>
	<p>Sentiment</p> <p>Sentiment indicators remained steady last month with little change. The University of Michigan consumer sentiment survey dropped slightly, but the Conference Board's index of U.S. Consumer confidence rose marginally.</p>	



The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current U.S. equity outlook. This aggregate metric is determined by multiple data points across four broad market-moving dimensions: Technical, Sentiment, Macroeconomic, and Valuation. The daily result determines equity exposure in our tactical strategies.

As of 4/30/2019. Data provided by Bloomberg, NorthCoast Asset Management.

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