CWP PRIVATE WEALTH MANAGEMENT

April 2019

Monthly Market Commentary

We have come to an end of a strong first quarter in terms of market performance. Equity markets rebounded and recouped most of the losses from the sell-off experienced in the fourth quarter of 2018. The quick turnaround can be attributed to the dovish pivot from the FED, extreme pessimism that developed in the last quarter of 2018 and optimism on trade negotiations in 2019. However, we continue to remain cautious as the FEDs policy rapidly made a 360-degree turn, which is an indication of an economic slowdown. Equity markets are not pricing in such kind of risk; therefore, if the FED sees an overshoot in inflation or labor market strength, it may be forced to hike rates. This would result in higher bond yields and real rates, which in turn will result in equity multiple compression. Fourth quarter GDP was revised down slightly to 2.2% from 2.6% QoQ in the second estimate. At the end of reporting season for Q4, Revenue and Earnings for the S&P 500 came in at 5.1% and 16.9%, respectively. This compares with Revenues and Earnings of 8.6% and 28.4%, respectively in Q3 of 2018. These results further confirm our conviction that earnings are set to slow down further in 2019 as companies compare against strong fiscal stimulus induced earnings reported in 2018. We continue to maintain higher levels of cash and remain opportunistic in allocating capital as and when we see better risk/reward dynamics in assets.

Not FDIC Insured	No Bank Guarantee	May Lose Value