

**Below is a snapshot of last week's market performance and what to watch in the weeks ahead from Chadd Mason, Cabana CEO and co-founder.**

U.S. equity markets this past week continued to churn just below all-time highs. The Nasdaq has done the best and is now right at its all-time high. We have seen interest rates respond to the equity rebound by climbing from 2.39% to 2.59%. This has pressured bonds, dividend payers and real estate. In other words, risk assets, like tech stocks, are currently doing better than defensive assets. This is consistent with the big move up in all equities (domestic and international) since the beginning of the year. Energy continues to stand out and is up another 2% this afternoon. The strength we have seen in China and commodities like energy is reflected in the transportation index. That index is up 9.4% in the past thirty days. It is generally a good sign when we see strength in transportation stocks because that signals a need for products around the world. As Dow theorists will tell you, bull markets are defined by concurrent strength in transportation and industrial stocks. We are seeing that now.

Companies continue to beat 2019 Q1 earnings estimates. While forward estimates are dropping, year-over-year growth remains positive. Additionally, the rise in the 10 Year Treasury Note referenced above is providing some much-needed separation from the 90 Day and 2 Year Treasury Note. This is allowing the yield curve to return to a normal shape and is healthy for banks and the economy in general. While the quick gains of the first quarter are likely behind us, I believe the major indexes can move higher given what we see now.

**Key terms:**

**Dow theory:** The Dow theory is a theory which says the market is in an upward trend if one of its averages (industrial or transportation) advances above a previous important high and is accompanied or followed by a similar advance in the other average. For example, if the Dow Jones Industrial Average (DJIA) climbs to an intermediate high, the Dow Jones Transportation Average (DJTA) is expected to follow suit within a reasonable period of time.

Last week's market commentary is available [here](#).



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