

April 5, 2019



Looking Ahead

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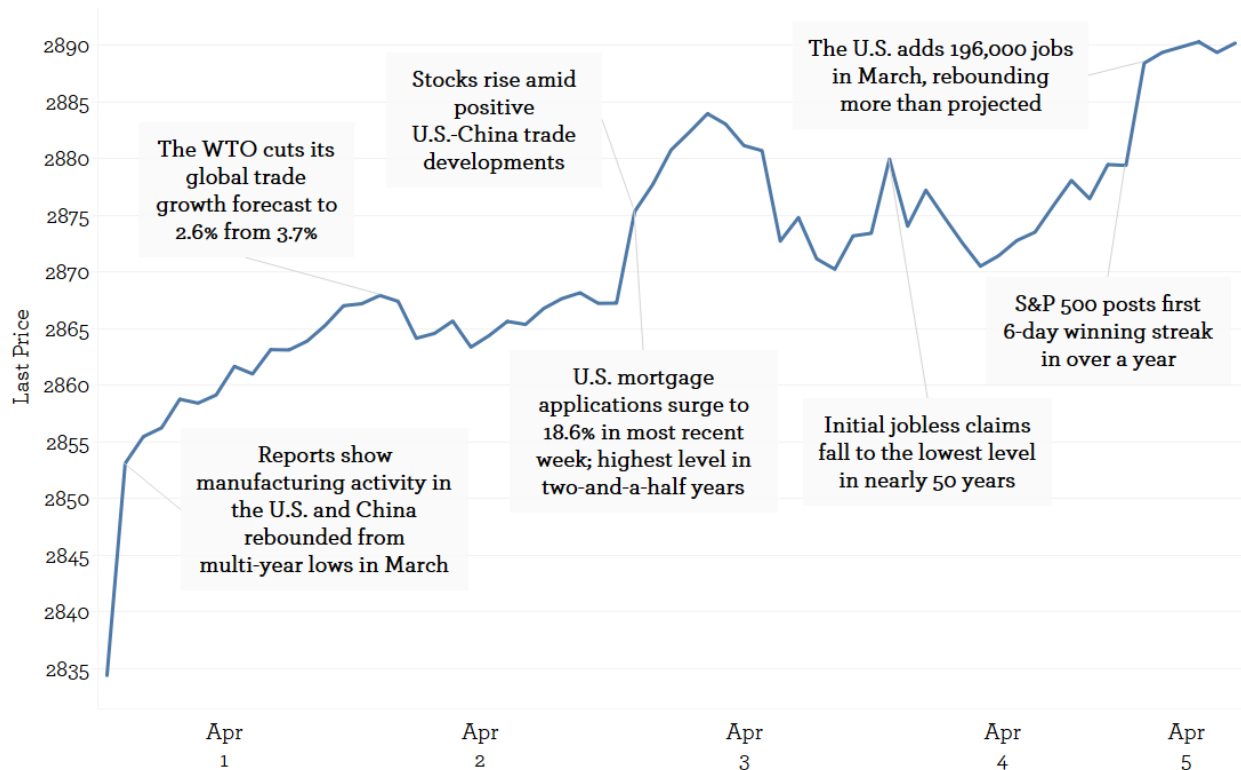
Angela Shin — Advice and Portfolio Specialist

"Smile and grin at the change all around
 Pick up my guitar and play
 Just like yesterday
 Then I'll get on my knees and pray
 We don't get fooled again"

The Who – *Won't Get Fooled Again*

U.S. stocks started the second quarter “just like” they had performed during the first quarter, with investors smiling this week as the S&P 500 edged within striking distance of its record high. Better-than-anticipated data on April Fool’s day, positive trade developments, and a strong first Friday jobs report bolstered investor sentiment, sending bond yields rising along with equities around the globe.

S&P 500 Index: April 1 - 5

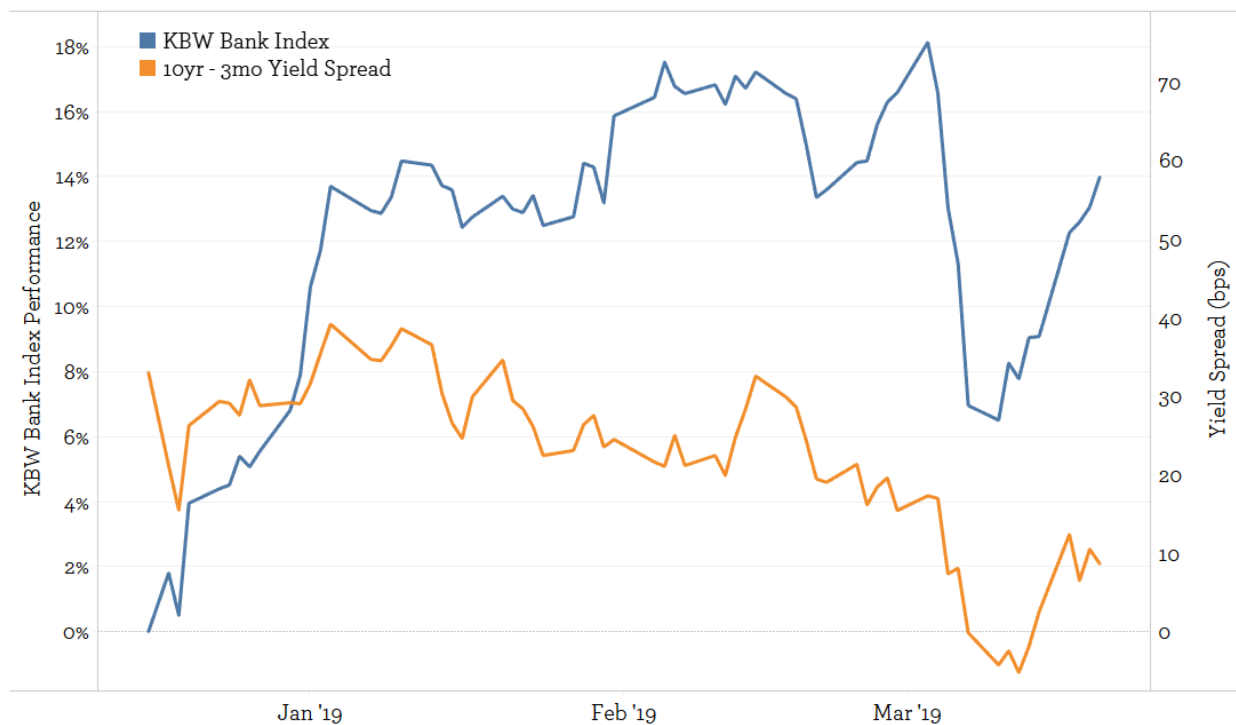


Source: Bloomberg *As of April 5, 1:00 p.m. E.T.

Investment and Insurance Products: ►NOT FDIC Insured ►NO Bank Guarantee ►MAY Lose Value

The first quarter ended on a high note last week, with stocks rising to cap the best three-month start to a year for the S&P 500 since 1998. Growing optimism on the trade front and a dovish turn by the Federal Reserve helped push the U.S. equity benchmark 13.1% higher for the quarter, and less than 3% away from its record high reached in September 2018. Despite the robust stock rally, tepid economic data had left investors questioning the path of global growth, as a slowdown in Europe and China and faltering readings in the U.S. weighed on sentiment. In light of the recent data trend, and further dovish Fed commentary, the yield on three-month Treasury bills rose above the 10-year yield for the first time since 2007. This so-called “inversion” was worrisome to many market participants, as the yield curve has inverted prior to every U.S. recession since 1975.

Bank Stocks vs. Spread Between 10-yr and 3-mo Treasury Yields

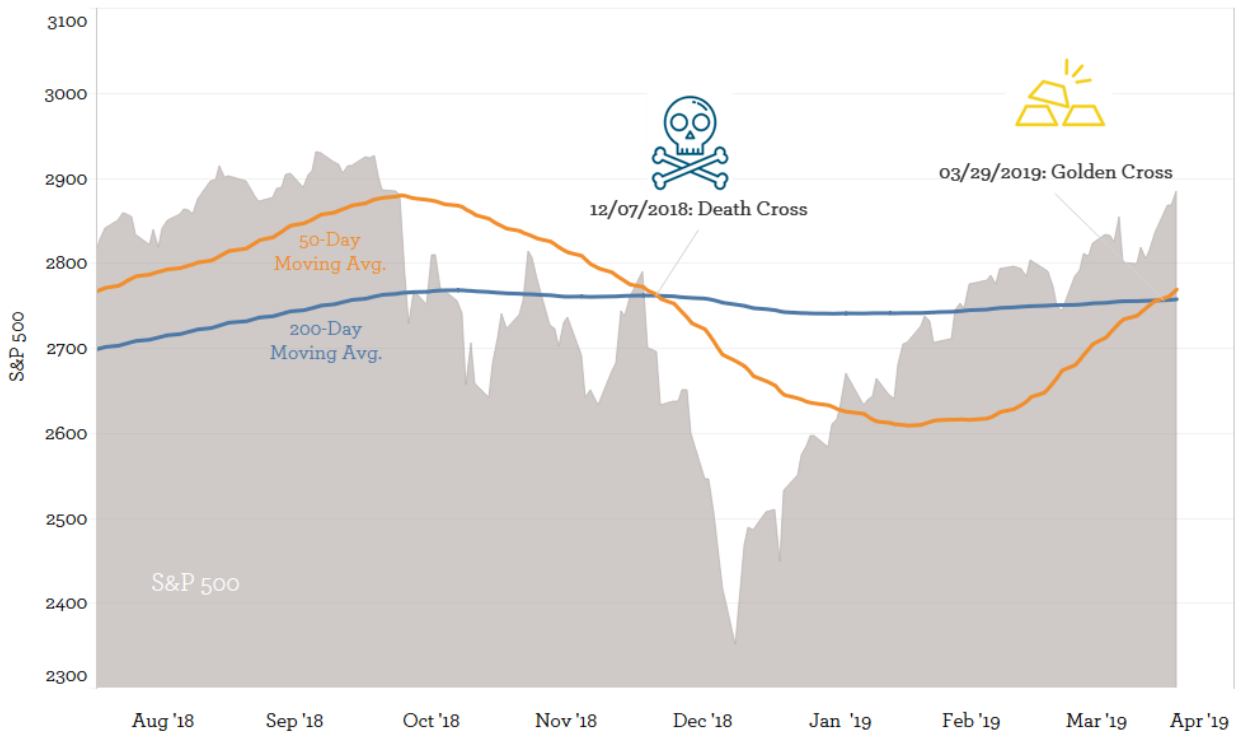


Source: Bloomberg *As of April 4, 4:00 p.m. ET

Given worries over recent data, investors were looking forward to a packed slate this week for clarity regarding the global economic situation. Over the weekend, an official report from Beijing showed Chinese manufacturing activity returned to expansionary territory in March, with the biggest monthly uptick since 2012. A subsequent report Monday morning from the Institute for Supply Management showed U.S. manufacturing PMI rebounded last month from a two-year low in February. The better-than-expected readings from the two largest global economies alleviated some of the lingering growth concerns, sending the 10-year Treasury yield rising the most since January 4 on Monday. Short-term yields experienced a less pronounced increase, thus widening the spread between the closely watched three-month and 10-year maturities. Equities rallied, with benchmarks in China and Europe notching multi-month highs while a key U.S. benchmark broke through another significant technical level. Monday’s gains sent the S&P 500’s average price for the past 50 days above its average price for the past 200 days, also known as a “golden cross.” (The last time this

technical indicator was breached occurred in mid-2016, and notably the index climbed 15% over the subsequent 12 months.)

S&P 500 Index Performance vs. 50- and 200-Day Moving Averages



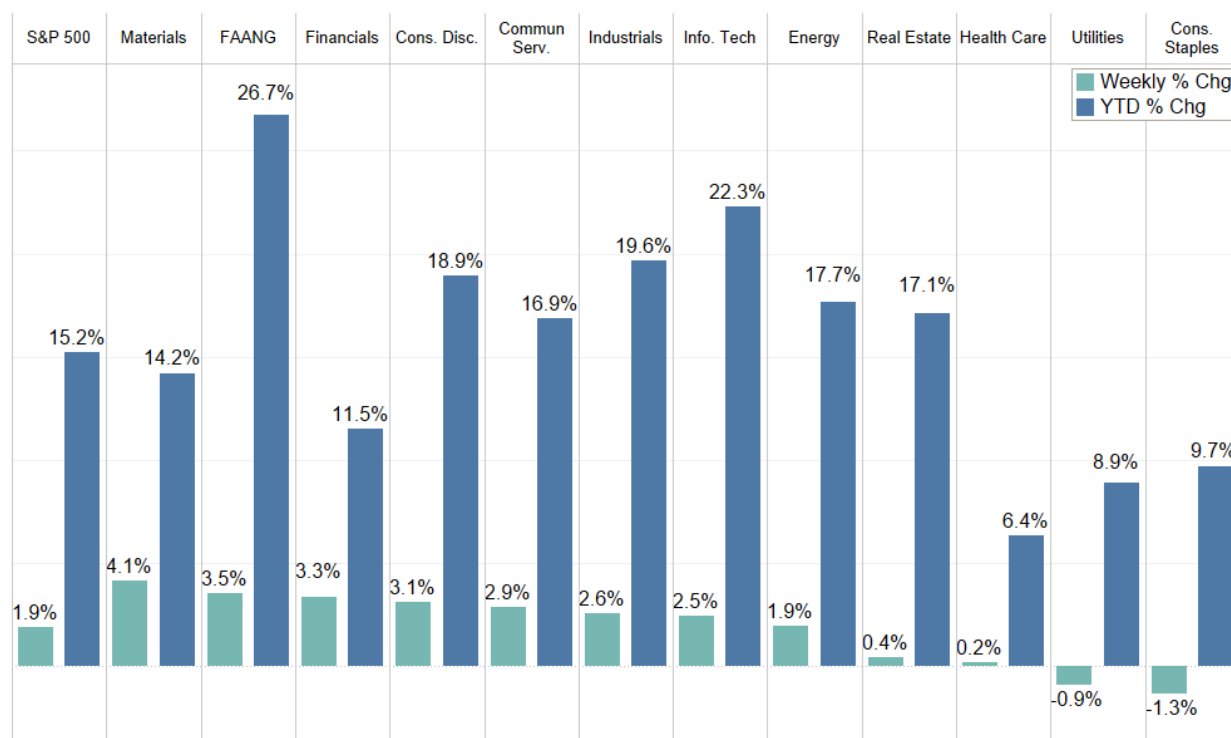
Source: Bloomberg *As of April 4, 4:00 p.m. ET

The equity market continued its upward trajectory the rest of this week, as trade news garnered renewed attention. Following last week's summit in Beijing, China suggested "new progress" had been made as both sides worked to bridge key differences that remained between the two parties. On Wednesday morning, the Financial Times reported that officials from both sides had resolved most of their outstanding issues but were still working on implementation and enforcement. Chipmakers, Industrial companies, and other trade-sensitive pockets of the market, including the Materials sector, rallied on the news. The Philadelphia Semiconductor Index notched a fresh record high on Wednesday as the S&P 500 capped its fifth consecutive gain. The winning streak reached six sessions on Thursday, the longest stretch in more than a year, as top U.S. and Chinese trade officials reconvened in Washington. President Trump, who personally engaged in this week's round of discussions, said that Beijing and Washington were aiming to reach a final deal over the next four weeks, noting that key issues remained unresolved.

Investor attention pivoted back to economic data Friday morning, as the Labor Department released its closely monitored March jobs report. Nonfarm payrolls increased 196,000 last month, topping estimates for a 177,000 gain and rebounding from February's 20,000 headline number (which had been the lowest since September 2017). The update also revealed average hourly earnings rose 3.2% year-over-year, slowing from the prior period's 3.4% gain. Additionally, the release showed the unemployment rate remains stable at a near 49-year low of 3.8%. Earlier in the week, mixed

employment data had garnered attention. Wednesday’s update from the ADP showed private payrolls increased less than expected in March. However, Thursday’s weekly jobless claims figure remained robust, with the leading economic indicator showing the fewest number of Americans filing for unemployment benefits (202,000) of any week since December 1969. As of 1:00 p.m. ET Friday, the S&P 500 was on pace for a 1.9% weekly increase, as the first Friday jobs report helped provide a tailwind to end the week. The strong headline figure and cooling wage inflation made for a so-called “Goldilocks” report that was well-received by the market, with stocks extending gains on the news. The S&P 500 remains within 1% of its record high. Meanwhile, the Dow was on track to notch a 1.9% gain on the week, while the Nasdaq was headed toward a 2.6% weekly advance.

S&P 500 Sector Performance with FAANG*



Source: Bloomberg *As of April 5, 1:00 p.m. ET *FAANG represented by an equal weight portfolio of Facebook, Amazon, Apple, Netflix and Alphabet

The Materials sector paced the market’s advance this week, as encouraging trade developments and positively trending Chinese data boosted commodity prices and commodity producers. Dow Inc. (DOW \$59.71) led the group higher, climbing more than 10% on the week as analysts reacted positively to the company’s spinoff from DowDuPont (DWDP \$37.78). Financials also outperformed as a widening spread between short- and long-term debt tends to boost bank profitability. Another standout was the Industrial sector, which gained more than 2.5%. Facebook (FB \$176.02) led the Communications Services sector higher, with the social media giant touching its best level since August and more than 40% above its December low. The best performing stock in the S&P 500 this week (through mid-session Friday) was Wynn Resorts (WYNN \$139.67), which rose more than 17% on a positive update from its Macau gaming segment. Elsewhere in the Consumer Discretionary space, Tesla (TSLA \$267.78) dropped more than 8% Thursday following a cut to Model 3 sales guidance, while GameStop (GME \$10.03) sunk after trimming its full-year revenue outlook. Consumer Staples

stocks lagged as Walgreens Boots Alliance (WBA \$54.15) experienced its worst session in four years on Tuesday. The pharmaceutical chain single-handedly shaved 55 points off the Dow after slashing forward guidance due to lower pharmacy reimbursements. Constellation Brands (STZ \$191.45) bucked the downtrend in the Consumer Staples space, with the alcoholic beverage distributor advancing Thursday after announcing the sale of roughly 30 of its wine and spirits brands to E. & J. Gallo Winery for \$1.7 billion and topping analyst earnings expectations in its quarterly report.

Looking Ahead to Next Week: April 8 - 12

Next week features a jam packed slate of economic data releases and central bank proceedings. Headlining the docket Wednesday will be the release of the minutes from the Federal Reserve's March Federal Open Market Committee (FOMC) meeting. Investors will look for additional guidance concerning the Fed's plan for their key interest rate. Markets participants now price in a 60% probability of a cut by year end, according to Fed fund futures tracked by CME Group. Investors will also await the European Central Bank's policy decision on Wednesday. Economic readings overseas will also garner attention as the Fed cited the recent weakness in both China and Europe as reasons for their perceived "dovish" tilt in monetary policy. Beijing is anticipated to show exports increased 6.4% in March compared to a year earlier, rebounding from a 20% surprise slump in the prior month. A reading of February eurozone industrial production will also be notable amid recent disappointing factory updates from Germany. On the domestic front, consumer price inflation is anticipated to have risen 0.3% in March, while core CPI (excluding the more volatile food and energy components) is projected to gain 2.1% year-over-year, in-line with the Fed's 2% inflation target. Updates on factory orders and durable goods orders, as well as a preliminary reading of consumer sentiment from the University of Michigan will round out the data docket. Corporate earnings will remain light next week. Friday marks the unofficial kick-off of first quarter earnings season with JPMorgan (JPM \$105.56) and PNC Financial Group (PNC \$128.42) reporting before the opening bell. Other notable releases include Delta Air Lines (DAL \$57.22) and Bed Bath and Beyond (BBBY \$17.59) on Wednesday, and Industrial company Fastenal (FAST \$66.32) on Thursday.

Disclaimers

Pricing as of market close on April 4, 2019 unless indicated otherwise.

All investing involves risks including the possible loss of principal. Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

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Definitions

An index is unmanaged and not available for direct investment.

The **Dow Jones Industrial Average** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The **S&P 500 Index** is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The **NASDAQ Composite Index** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

KBW Banks Total Return Index is comprised of the top 24 banking institutions and calculated using modified float-adjusted market-capitalization weighted methodology.

Philadelphia Semiconductor Index comprise is a modified capitalization-weighted index comprised of companies that are involved in the design, distribution, manufacturing, and sale of semiconductors.

Scheduled Economic Releases for Week of April 8, 2019**Monday, April 8**

Time	Country	Release	For	Consensus	Prior
10:00 AM	U.S.	Factory Orders	Feb	-0.50%	0.10%
10:00 AM	U.S.	Durable Goods Orders	Feb F	--	-1.60%
10:00 AM	U.S.	Durables Ex Transportation	Feb F	--	0.10%
10:00 AM	U.S.	Cap Goods Orders Nondef Ex Air	Feb F	--	-0.10%

Tuesday, April 9

Time	Country	Release	For	Consensus	Prior
6:00 AM	U.S.	NFIB Small Business Optimism	Mar	101.2	101.7
10:00 AM	U.S.	JOLTS Job Openings	Feb	7550	7581
6:45 PM	U.S.	Clarida Speaks at "Fed Listens" Event in MN	--	--	--
7:50 PM	Japan	Core Machine Orders MoM	Feb	2.90%	-5.40%
7:50 PM	Japan	PPI YoY	Mar	1.10%	0.80%

Wednesday, April 10

Time	Country	Release	For	Consensus	Prior
7:00 AM	U.S.	MBA Mortgage Applications	5-Apr	--	18.60%
7:45 AM	Eurozone	ECB Main Refinancing Rate	10-Apr	--	0.00%
8:30 AM	U.S.	CPI MoM	Mar	0.30%	0.20%
8:30 AM	U.S.	CPI Ex Food and Energy MoM	Mar	0.20%	0.10%
8:30 AM	U.S.	CPI YoY	Mar	1.80%	1.50%
8:30 AM	U.S.	CPI Ex Food and Energy YoY	Mar	2.10%	2.10%
8:30 AM	Eurozone	ECB's Draghi Speaks After Policy Decision	--	--	--
10:30 AM	U.S.	DOE U.S. Crude Oil Inventories	5-Apr	--	7238k
2:00 PM	U.S.	FOMC Meeting Minutes	20-Mar	--	--
2:00 PM	U.S.	Monthly Budget Statement	Mar	-\$181.0b	-\$234.0b

Thursday, April 11

Time	Country	Release	For	Consensus	Prior
2:00 AM	Germany	CPI YoY	Mar F	1.30%	1.30%
8:30 AM	U.S.	PPI Final Demand MoM	Mar	0.30%	0.10%
8:30 AM	U.S.	PPI Ex Food and Energy MoM	Mar	0.20%	0.10%
8:30 AM	U.S.	PPI Final Demand YoY	Mar	1.90%	1.90%
8:30 AM	U.S.	PPI Ex Food and Energy YoY	Mar	2.50%	2.50%
8:30 AM	U.S.	Initial Jobless Claims	6-Apr	--	202k
8:30 AM	U.S.	Continuing Claims	30-Mar	--	1717k
9:30 AM	U.S.	Fed's Clarida Speaks at Annual IIF Meeting	--	--	--
04/11-04/12	China	Exports YoY	Mar	6.40%	-20.70%
04/11-04/13	China	Trade Balance	Mar	\$6.00b	\$4.12b
04/11-04/14	China	Imports YoY	Mar	-2.10%	-5.20%

Friday, April 12

Time	Country	Release	For	Consensus	Prior
5:00 AM	Eurozone	Industrial Production SA MoM	Feb	--	1.40%
8:30 AM	U.S.	Import Price Index MoM	Mar	0.40%	0.60%
8:30 AM	U.S.	Import Price Index YoY	Mar	--	-1.30%
8:30 AM	U.S.	Export Price Index MoM	Mar	0.10%	0.60%
8:30 AM	U.S.	Export Price Index YoY	Mar	--	0.30%
10:00 AM	U.S.	U. of Mich. Sentiment	Apr P	98	98.4
1:00 PM	U.S.	Baker Hughes U.S. Rig Count	12-Apr	--	--

Source: Bloomberg

Data as of April 4, 2019

Scheduled Earnings Releases for Week of April 8, 2019**Monday, April 8**

*** No Scheduled Earnings Releases of Note ***

Tuesday, April 9**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
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*** No Scheduled Earnings Releases of Note ***

After the Close

WD-40 Co	WDFC	\$168.31	\$1.12	\$1.06	\$104.00
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Wednesday, April 10**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
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Delta Air Lines Inc	DAL	\$57.22	\$0.89	\$0.74	\$10,382.50
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MSC Industrial Direct Co	MSM	\$83.82	\$1.26	\$1.34	\$826.80
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After the Close

Bed Bath & Beyond Inc	BBBY	\$17.59	\$1.11	\$1.48	\$3,334.27
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Thursday, April 11**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
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Commerce Bancshares Inc	CBSH	\$59.88	\$0.91	\$0.88	\$335.71
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Fastenal Co	FAST	\$66.31	\$0.67	\$0.61	\$1,311.81
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After the Close

*** No Scheduled Earnings Releases of Note ***

Friday, April 12**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
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First Republic Bank	FRC	\$104.60	\$1.22	\$1.13	\$837.75
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JPMorgan Chase & Co	JPM	\$105.56	\$2.37	\$2.31	\$28,395.60
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PNC Financial Services Group	PNC	\$128.42	\$2.61	\$2.43	\$4,271.28
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After the Close

*** No Scheduled Earnings Releases of Note ***

Source: Bloomberg

Prices as of close on April 4, 2019

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