

MARKET SNAPSHOT

Equity markets around the world climbed higher in April, particularly near the end of the month. In the US, Nasdaq 100 (QQQ) large-cap stocks led with a 2.72% gain. The small-cap Russell 2000 (IWM) posted a 1.15% gain and the S&P 500 (SPY) increased 0.99%. Most US equity indices generated their April gains after the French election results, strong corporate earnings announcements and Trump's tax reform news. In international markets, developed markets outperformed emerging and frontier markets for the month. However, emerging and frontier have big ytd leads.

MARKET VITALS

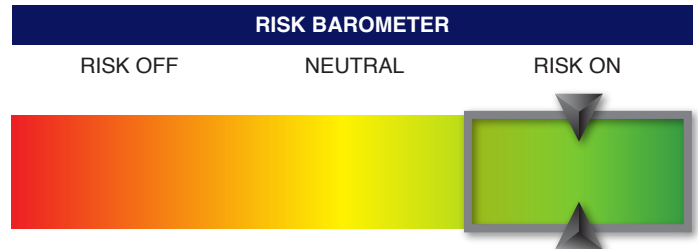
- Market internals remained solid despite some erosion
- % of stocks in an uptrend fell from 64% to 62% (still bullish)
- Breadth measures continued to be strong, such as cumulative advance/decline lines, new highs vs. new lows and our proprietary breadth thrust indicator
- Niemann's market volatility measure briefly went risk-off (mid-month), but rapidly returned to risk-on status after the election

US EQUITIES

- Stocks consolidated for most of April and then shot higher in the final week
- Sectors were mixed: 5 of 10 SPDR sectors climbed higher
- Telecom and consumer discretionary outperformed, posting 5.16% and 2.40% gains, respectively
- Financials and energy lagged, falling -2.94% and -1.67%, respectively
- Internet and medical devices led at the industry level

INTERNATIONAL EQUITIES

- Developed markets outperformed frontier and emerging, 2.4% vs. 2.02% and 1.7%, respectively
- Int'l markets continued to outperform the US ytd, especially emerging and frontier markets
- Emerging (EEM) and frontier markets (FM) have gained about 15% ytd (as of 4/28/17), developed markets (EFA) 10.5%, and the S&P 500 (SPY) 6.5%
- % of country ETFs in an uptrend fell for the second-consecutive month, from 89% to 83%
- Turkey and Greece country ETFs were at the top of the leaderboard for April



Risk Barometer – An illustrated snapshot of current market conditions, risk levels, based on Niemann's proprietary risk-management analytics.

Risk Off – Elevated risk in the current equity market environment, taking on risk not advisable.

Risk On – Lower risk in the current equity market environment, constructive for taking on more risk advisable.

S&P 500 SECTORS			
SPDR SECTORS	RISK OFF	NEUTRAL	RISK ON
MATERIALS		Yellow	
CONSUMER DISC			
CONSUMER STAPLES			
FINANCIALS			
HEALTHCARE	Red		
INDUSTRIALS			Green
ENERGY	Red		
TECHNOLOGY			Green
TELECOM	Red		
UTILITIES			Green

INT'L MARKETS			
MARKETS	RISK OFF	NEUTRAL	RISK ON
DEVELOPED		Yellow	
EMERGING			
FRONTIER			Green

Past performance does not guarantee future results.
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CONCLUSION

Equity markets spent the greater part of April consolidating 2017 gains. However, stocks spiked near the end of the month, after the French election results, the kickoff for earnings announcement season and Trump's tax reform news. In fact, all of the S&P 500's gains for the April came after the 24th. The consolidation phase during the month coupled with the spike in prices at the end of the month allowed US stocks to continue their uptrends.

Most of the economic data released during April came in softer than expected. Perhaps the most discussed data point was the advance reading for Q1 GDP, which came in at a meager 0.7%. At today's Federal Open Market Committee meeting, Fed chair Janet Yellen said the growth slowdown "...is likely to be transitory and continues to expect that, with gradual adjustments in the stance on monetary policy, economic activity will expand at a moderate pace..." As expected, the Fed did not raise interest rates at today's FOMC meeting, but the probability of a rate hike in June jumped from 69% this morning to 97.5% after the Fed's announcement. In other words, the market believes that economic data will improve.

Q1 corporate earnings appear to be aligning with the better growth ahead narrative. First quarter earnings results have been coming in strong. Over 68% of companies that have announced earnings thus far have surprised investors to the upside. And the average year-over-year growth rate is running higher than 16% (as of 5/1). These are the strongest readings in quite some time. The best earnings are occurring in the technology sector, which is our most overweight sector. That's the good news. The not so good news is that the rest of the market has been indecisive for months, due largely to Trump's challenges with Congress, geopolitical risks around the world and the fact that this is the second-oldest bull market in history.

If Trump is able to make a big impact with tax reform and/or an Obamacare replacement solution, more growth sectors would likely join tech and trend higher long term. Conversely, if Trump can't make it happen and geopolitics get riskier, our exposure to utilities and REITS could be beneficial. Looking ahead, the May to October period is seasonally weaker than November to April. However, the first year of the President Cycle has historically been good for this time of year.

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