



Basis Points – April 30, 2019

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Above the Fold

As April comes to a close and the end of earnings season draws closer, investors should feel “good” about results thus far, even though there are caveats. With more than half of the S&P 500 reporting, more than 79% have beaten consensus estimates and nearly 60% topped revenue estimates. So far, these beat statistics are some of the best we’ve seen in five years. That said, earnings and sales growth aren’t what most would call robust at roughly +0.5% thus far on +3.7% higher revenue.

Overall market tone does remain modestly positive and the strong initial read on Q1 GDP expanding at 3.2% versus consensus estimates for 2.3% certainly helps support that thesis. Though strong on the surface, the report showed continued slowing of residential construction and a three-year low in private domestic purchases.

Amazon's strong earnings report last week also validated consumer stability to an extent, while at the same time the online giant managed to keep growth expectations tempered without "upsetting" investors.

What's Ahead

More than 1,000 companies will report earnings this week with Apple on deck today after the close. Consumer confidence is out shortly, with PMI and the latest FOMC decision on interest rates due out tomorrow. No rate increase is expected, but markets will be closely tuned to statements following that release.

Three Things

1. *Prime Goes Overnight* – Amazon announced that its game-changing two-day Prime delivery service will now go one-day shipping where available. This sets a new, perhaps unattainable bar for competitors and could be another growth catalyst for Amazon.
2. *Marriott Goes [Rental] Home* – With AirBNB in its sights, the world's largest hotel operator at 1.3 million guest rooms globally, is launching a new home-rental business where customers can earn points across all its brands. The company hopes its experience in the hospitality space and loyal client base will give it an edge over increasing competition.
3. *Coffee Prices Plummet* – While your cup of Starbucks isn't likely to get any cheaper, a production boom in Brazil, coupled with the collapse of the country's currency, has resulted in a 13-year low in premium arabica beans. Ironically, the world is sipping record amounts of coffee and trends point to increasing demand.

Did You Know?

When it comes to counterfeiting, the greenback takes a backseat to the Chinese Yuan, specifically the 100 yuan note (roughly \$15 USD) as the most faked banknote globally. Chinese forgers have gotten so good at their craft that some notes even fooled specialized machines designed to detect them. And when it comes to fake U.S. bills, the \$20 note is the most counterfeited domestically, while the \$100 bill is the most copied by criminals abroad.

According to the Federal Reserve, there were roughly \$1.70 trillion in fake notes circulating globally — \$47.2 billion in coins alone.

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