



## Basis Points – May 2, 2019

 [westwoodgroup.com/weeklyblog/6465-2/](https://westwoodgroup.com/weeklyblog/6465-2/)

### Above the Fold

The markets pushed into new highs Tuesday, continuing into Wednesday as better than expected jobs data from ADP added bullish momentum to major indexes after strong earnings reports from Apple and CVS Health Tuesday afternoon kept the bears in check. The Fed tried to keep the party going last night as it kept rates unchanged, but didn't announce a cut as some expected. The Central Bank also noted that inflation was lower than its target.

What some have called a one-trick pony, Apple's iPhone contributed less this quarter than the quarter before and yet the company delivered an all-time revenue record that bested expectations. Earnings also topped estimates as wearables and online services showed increased growth. The iPhone still accounts for 53.5% of Apple's revenue, and the company sold \$31 billion (with a "b") worth of them in the first quarter of 2019.

CVS, which has grown beyond its pharmacy roots, is seeing big returns on its new foray into the health insurance business as the company also filled more expensive prescriptions. CVS purchased Aetna back in November. CVS handily beat earnings and revenue estimates and upped 2019 full-year guidance. Shares are up more than 5% after the report.

#### *What's Ahead*

With the FOMC extending its quasi-dovish stance and noting strong economic growth, investors will continue to monitor economic data for any material changes that could shift policy. The Bureau of Labor Statistics (BLS) will offer us a look at the current employment situation with April jobs data due out Friday a.m. — analysts are expecting 181,000 new jobs to be added in the month.

## Three Things

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1. *Hulu Steps It Up* – Capitalizing on the cord-cutters, the company's paid user base swelled to 26.8 million. Hulu will also deliver tons of new, original content, including two new live-action Marvel series to the network. But best of all, you'll soon be able to "pause" commercials and then binge "watch" them at a later time (perhaps when you take that snack break).
2. *Alphabet Soup?* – The parent of Google missed consensus estimates on the top and bottom lines triggering the largest one-day decline since 2012. The concern was focused on management's lack of an explanation for its slowing growth. Despite the setback, shares of Alphabet are still up 15% YTD.
3. *Oil Glut Gaining* – Oil prices continue to see bearish pressure after the U.S. Energy Information Administration showed a continued rise in crude inventories. EIA data also revealed that U.S. crude production hit a fresh weekly high of 12.3 million barrels last week.

## Did You Know?

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According to recent data from an ongoing study by the National Endowment for Financial Education, financial infidelity is on the rise in America. Recent survey results revealed that more than 37% of respondents hid a purchase, bank account, statement, bill or cash from a partner or spouse. And even though more than three-quarters of respondents said that fiscal deceptions affected their current or past relationships in some way, nearly 37% believe that some aspects of their personal finances should remain private, even from a wife or husband.

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