



**Wealth
Management**

Market Week: January 29, 2018



The Markets (as of market close January 26, 2018)

Major stock market indexes continue to set records, as the S&P 500 broke its 14th record in January. Favorable corporate earnings reports, a congressional stopgap measure to fund the federal government, and a 2.6% annual rate of growth for the fourth-quarter GDP helped buoy investors' confidence in equities. Overall, the benchmark indexes listed here posted their fourth consecutive week of gains, led by the Nasdaq, followed by the S&P 500, the Dow, and the Global Dow, each of which gained over 2.0%. On the other hand, at 2.66%, the yield on 10-year Treasuries rose to its highest level in over four years as demand for long-term bonds fell, while the dollar continued to spiral downward.

The price of crude oil (WTI) climbed to \$66.24 per barrel last Friday, up from the prior week's closing price of \$63.57 per barrel. The price of gold (COMEX) also rose last week to \$1,353.30 by early Friday evening, ahead of the prior week's price of \$1,338.30. The national average retail regular gasoline price increased for the fifth consecutive week to \$2.567 per gallon on January 22, 2018, \$0.010 above the prior week's price and \$0.241 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 1/26	Weekly Change	YTD Change
DJIA	24719.22	26071.72	26616.71	2.09%	7.68%
Nasdaq	6903.39	7336.38	7505.77	2.31%	8.73%
S&P 500	2673.61	2810.30	2872.87	2.23%	7.45%
Russell 2000	1535.51	1597.63	1608.06	0.65%	4.72%
Global Dow	3085.41	3255.56	3322.69	2.06%	7.69%
Fed. Funds target rate	1.25%-1.50%	1.25%-1.50%	1.25%-1.50%	0 bps	0 bps
10-year Treasuries	2.41%	2.65%	2.66%	1 bps	25 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic Headlines

- According to the initial, or advance, estimate, the gross domestic product increased at an annual rate of 2.6% in the fourth quarter of 2017. As more data is accumulated, this rate will likely change over the next two readings released in February and March. Consumer spending rose a strong 3.8% in the fourth quarter, highlighted by a 14.2% spike in durable goods spending. Current-dollar personal income increased \$178.9 billion in the fourth quarter, compared with an increase of \$112.3 billion in the third. Disposable (after-tax) personal income increased \$139.0 billion, or 3.9%, in the fourth quarter, compared with an increase of \$73.8 billion, or 2.1%, in the third. Overall, the GDP increased 2.3% in 2017 (that is, from the 2016 annual level to the 2017 annual level), compared with an increase of 1.5% in 2016.
- As referenced in the GDP report, new orders for manufactured durable goods in December increased



Key Dates/Data Releases

1/29: Personal income and outlays

1/30: Consumer confidence

1/31: FOMC meeting

2/1: Manufacturing indexes

2/2: Employment situation

\$7.0 billion, or 2.9%, to \$249.4 billion, the U.S. Census Bureau announced. This increase, up four of the last five months, followed a 1.7% November increase. However, excluding transportation, durable goods orders increased only 0.6% last month. Shipments of manufactured durable goods in December, up seven of the last eight months, increased \$1.5 billion, or 0.6%, to \$246.8 billion, following a 1.3% November increase. Unfilled orders and inventories also increased in December over November.

- Home resales slowed in December, according to the latest report from the National Association of Realtors®. Total existing-home sales fell 3.6% in December from November's total. However, sales increased 1.1% in 2017 to a 5.51 million sales pace — the highest rate in 11 years. A prime reason for the slip in December's sales is the lack of available inventory, which dropped 11.4% in December and is now 10.3% lower than a year ago. Unsold inventory is at a 3.2-month supply, which is down from 3.6 months a year ago. The paucity of inventory has helped drive up the median home price, which climbed to \$246,800 in December — 5.8% higher than December 2016.
- Sales of new single-family homes plummeted 9.3% in December from November, according to the Census Bureau. However, new home sales are up 14.1% compared to December 2016. December's median sales price increased to \$335,400 (\$334,900 in November), while the average sales price climbed to \$398,900 (\$383,600 in November). On the plus side of the report, inventory increased from 4.9 months in November to 5.7 months in December.
- According to the latest report from the Census Bureau, the international trade deficit for goods was \$71.6 billion in December, up \$1.6 billion from November. Exports of goods were \$137.6 billion, \$3.6 billion more than November exports. Imports of goods for December were \$209.2 billion, \$5.2 billion more than November imports.
- In the week ended January 20, initial claims for unemployment insurance was 233,000, an increase of 17,000 from the previous week's level, which was revised down by 4,000 to 220,000. The advance insured unemployment rate remained 1.4%. The advance number of those receiving unemployment insurance benefits during the week ended January 13 was 1,937,000, a decrease of 28,000 from the prior week's level, which was revised up by 13,000.

Eye on the Week Ahead

The last few days of January into February include several important economic reports. Personal income, consumer spending, and consumer prices for December are important indicators of economic strength and inflationary pressures in the consumer sector. The latest report on employment is out at the end of the week. The number of hires for new jobs slowed a bit toward the end of 2017. Also, wages are expected to show only marginal growth for December and 2017.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

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