



Market Week: July 16, 2018



The Markets (as of market close July 13, 2018)

Stocks posted gains for the second week in a row following some good corporate earnings reports. Each of the indexes listed here improved, except for the small caps of the Russell 2000, which dipped less than a half a point. Year-to-date, only the Global Dow remains behind its 2017 closing value. For the week, the Dow climbed a solid 2.30%, followed by the Nasdaq, the S&P 500, and the Global Dow.

The price of crude oil (WTI) dipped again last week, closing at \$70.62 per barrel, down from the prior week's closing price of \$73.92 per barrel. The price of gold (COMEX) fell to \$1,241.30 by early Friday evening, down from the prior week's price of \$1,255.90. The national average retail regular gasoline price climbed to \$2.857 per gallon on July 9, 2018, \$0.013 higher than the prior week's price and \$0.560 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 7/13	Weekly Change	YTD Change
DJIA	24719.22	24456.48	25019.41	2.30%	1.21%
Nasdaq	6903.39	7688.39	7825.98	1.79%	13.36%
S&P 500	2673.61	2759.82	2801.31	1.50%	4.78%
Russell 2000	1535.51	1694.05	1687.08	-0.41%	9.87%
Global Dow	3085.41	3007.63	3029.17	0.72%	-1.82%
Fed. Funds target rate	1.25%-1.50%	1.75%-2.00%	1.75%-2.00%	0 bps	50 bps
10-year Treasuries	2.41%	2.82%	2.83%	1 bps	42 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

- Consumer prices increased a scant 0.1% in June following a 0.2% bump in May. Over the last 12 months, consumer prices have risen 2.9%. Prices less food and energy rose 0.2% for the month and are up 2.3% for the 12 months ended in June. For the month, fuel oil rose 2.9%, while gasoline increased 0.5%. Medical care services (0.5%), used motor vehicles (0.7%), and new automobiles (0.4%) expanded in June.
- Producer prices rose 0.3% in June after climbing 0.5% in May. Prices have risen 3.4% for the 12 months ended in June — the largest 12-month increase since November 2011. Prices less foods, energy, and trade services moved up 0.3% in June after rising 0.1% in May. For the 12 months ended in June, prices less foods, energy, and trade services increased 2.7%. Prices for services rose 0.4% while goods increased 0.1%. The jump in services prices is attributable to a 21.8% jump in fuels and lubricants.
- The federal budget deficit for June was \$74.9 billion, down from May's deficit of \$146.8 billion. For the fiscal year, the deficit sits at \$607.1 billion. Over the same period last year, the deficit was \$523.1 billion. Of note, individual income taxes net receipts sit at \$1,305.5 billion this year, compared to \$1,199.2 billion



Key Dates/Data Releases

7/16: Retail sales

7/17: Industrial production

7/18: Housing starts

over the same period last year; corporate income taxes net receipts are \$161.7 billion this year versus \$223.3 billion in 2017.

- The number of job openings edged down to 6.6 million on the last business day of May, the U.S. Bureau of Labor Statistics reported. The number of job openings in April was 6.8 million. Job openings increased in federal government (+12,000) and mining and logging (+10,000), but decreased in information (-60,000) and arts, entertainment, and recreation (-27,000). The number of hires increased in May (5.8 million) over April (5.6 million), while total separations were essentially unchanged at 5.5 million. The quits rate increased to 2.4% as people are leaving their current jobs in search of better jobs and/or higher wages.
- U.S. import prices decreased 0.4% in June following a 0.9% advance in May. The June decline was the largest monthly drop since the index decreased 0.5% in February 2016. Despite the downturn in June, overall import prices advanced 4.3% between June 2017 and June 2018. Prices for U.S. exports rose 0.3% in June, after rising 0.6% the previous month. Prices for overall exports advanced 5.3% over the past 12 months, the largest over-the-year increase since the index rose 6.3% in October 2011.
- In the week ended July 7, there were 214,000 initial claims for unemployment insurance, a decrease of 18,000 from the previous week's level, which was revised up 1,000. The advance insured unemployment rate remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended June 30 was 1,739,000, a decrease of 3,000 from the prior week's level, which was revised up by 3,000.

Eye on the Week Ahead

This week's retail sales report for June is another indicator of consumer spending. What effect, if any, will the trade wars have on prices for consumer goods and services? Price changes can impact retail sales, particularly food and energy sales.

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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