



Market Week: September 17, 2018



The Markets (as of market close September 14, 2018)

Tech and foreign stocks led the way as the market rebounded from the prior week's decline. The prospect of renewed trade talks between China and the United States eased investor concerns. Large caps outperformed small caps as both the Dow and S&P 500 outpaced the Russell 2000. Soft inflation data also helped drive investors to stocks while spurning long-term bonds as prices for 10-year Treasuries plummeted, pushing yields to 3.0%.

The price of crude oil (WTI) climbed for the first time in several weeks, closing at \$68.98 per barrel, up from the prior week's closing price of \$67.84 per barrel. The price of gold (COMEX) continued to fall, dropping to \$1,198.30 by early Friday evening, down from the prior week's price of \$1,201.80. The national average retail regular gasoline price fell to \$2.833 per gallon on September 10, 2018, \$0.009 higher than the prior week's price and \$0.148 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 9/14	Weekly Change	YTD Change
DJIA	24719.22	25916.54	26154.67	0.92%	5.81%
Nasdaq	6903.39	7902.54	8010.04	1.36%	16.03%
S&P 500	2673.61	2871.68	2904.98	1.16%	8.65%
Russell 2000	1535.51	1713.18	1721.72	0.50%	12.13%
Global Dow	3085.41	3029.59	3076.93	1.56%	-0.27%
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%	2.94%	3.00%	6 bps	59 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

- While wage inflation may motivate the Federal Reserve to raise interest rates at the end of the month, prices for consumer products and services have been relatively stagnant. The Consumer Price Index for goods and services increased by a marginal 0.2% in August, according to the Bureau of Labor Statistics. Over the last 12 months, consumer prices have risen 2.7%. Increases in energy and housing were the main movers of the CPI. Prices less food and energy rose a scant 0.1% in August, the smallest increase since April.
- Producer prices in August fell for the first time in over a year, according to the Bureau of Labor Statistics. Prices dropped 0.1% after registering no change in July following a 0.3% increase in June. Receding prices for foods and trade services more than offset an increase in prices for energy products. Prices less foods, energy, and trade inched up 0.1%. Producer prices were up 2.8% from the 12 months ended in August.
- According to the Census Bureau, retail sales increased 0.1% in August following a 0.7% (revised) jump

Key Dates/Data Releases

9/19: Housing starts

9/20: Existing home sales

in July. Retail sales are 6.6% above their August 2017 totals. Of particular note, gas station sales were up 20.3% from last August, while nonstore (online) sales were up 10.4%.

- The federal deficit grew to \$214 billion in August. The deficit was \$77 billion in July. For the month, government receipts totaled \$219 billion, while expenditures were about \$433 billion. Individual income taxes were \$1.5 trillion for the year (\$1.4 trillion last year) while corporate income taxes were \$164 billion for the year (\$234 billion last year). Year-to-date, the deficit sits at \$898 billion, or 33.3% higher than the deficit over the same period last year (\$674 billion).
- Job openings reached a new high of 6.9 million in July, according to the latest Job Openings and Labor Turnover Survey. Job openings increased in finance and insurance (46,000) and nondurable goods manufacturing (32,000), but decreased in retail trade (85,000), educational services (34,000), and federal government (19,000). There were 5.7 million hires in July and 5.5 million total separations.
- Import prices fell 0.6% in August, the largest monthly drop since prices fell 1.3% in January 2016. For the 12 months ended in August, import prices have advanced 3.7%. Prices for U.S. exports decreased 0.1% in August, after declining 0.5% in July. Export prices advanced 3.6% for the year ended in August.
- The latest report from the Federal Reserve indicates that industrial production rose 0.4% in August for its third consecutive monthly increase. Manufacturing jumped up 0.2% on the strength of a rise in motor vehicles and parts production. The output of utilities advanced 1.2% and mining production increased 0.7%.
- In the week ended September 8, the advance figure for seasonally adjusted initial claims for unemployment insurance was 204,000, a decrease of 1,000 from the previous week, which was revised up by 2,000. This is the lowest level for initial claims since December 6, 1969, when it was 202,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended September 1. The advance number of those receiving unemployment insurance benefits during the week ended September 1 was \$1,696,000, a decrease of 15,000 from the prior week's level, which was revised up by 4,000. This is the lowest level for insured unemployment since December 1, 1973, when it was 1,692,000.

Eye on the Week Ahead

The housing sector is in the news next week with reports for August on housing starts and sales of existing homes.

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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