



# Market Week: September 24, 2018



## The Markets (as of market close September 21, 2018)

Performance of the benchmark indexes listed here was a mixed bag last week. Large caps of the Dow and S&P 500 outperformed the tech stocks of the Nasdaq and the small caps of the Russell 2000. Maybe investors are becoming immune to the ongoing trade battle between the United States and China, as threats of an additional \$200 million in U.S. tariffs on Chinese imports didn't seem to push investors away from stocks. The yield on 10-year Treasuries reached a four-month high last Thursday, ultimately closing at 3.06% by Friday afternoon, as prices for long-term bonds plummeted.

The price of crude oil (WTI) reached a two-month high last week, finally settling at \$70.71 per barrel by late Friday, up from the prior week's closing price of \$68.98 per barrel. The price of gold (COMEX) rose for the first time in several weeks, reaching \$1,203.30 by early Friday evening, up from the prior week's price of \$1,198.30. The national average retail regular gasoline price fell to \$2.841 per gallon on September 17, 2018, \$0.008 higher than the prior week's price and \$0.207 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 9/21	Weekly Change	YTD Change
<b>DJIA</b>	24719.22	26154.67	26743.50	2.25%	8.19%
<b>Nasdaq</b>	6903.39	8010.04	7986.96	-0.29%	15.70%
<b>S&amp;P 500</b>	2673.61	2904.98	2929.67	0.85%	9.58%
<b>Russell 2000</b>	1535.51	1721.72	1712.32	-0.55%	11.51%
<b>Global Dow</b>	3085.41	3076.93	3155.23	2.54%	2.26%
<b>Fed. Funds target rate</b>	1.25%-1.50%	1.75%-2.00%	1.75%-2.00%	0 bps	50 bps
<b>10-year Treasuries</b>	2.41%	3.00%	3.06%	6 bps	65 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

- The housing market remained stagnant in August, although it is showing signs of gaining momentum. Existing home sales, which had declined four straight months, did not change in August from July. Sales are down 1.5% from a year ago. Sales picked up in the Northeast and Midwest, while remaining down in the South and West. The median price for existing homes in August was \$264,800, up 4.6% from August 2017 (\$253,100). Inventory for existing homes remained unchanged in August from the prior month, sitting at 1.92 million existing homes available for sale.
- Although applications for building permits fell in August, housing starts and completions notably increased. According to the latest report from the Census Bureau, building permits for privately owned housing units dropped 5.7% and permits for single family homes decreased 6.1% in August from July. On the other hand, housing starts for all housing types jumped 9.2% above July's figures, while the start of construction for single family homes climbed 1.9% for the month. In what should add to new home

#### Key Dates/Data Releases

9/26: Existing home sales, FOMC report

9/27: Durable goods orders, GDP, international trade in goods

9/28: Personal income and outlays

inventory, housing completions rose 2.5% from July, led by an 11.6% increase in single family home completions.

- In the week ended September 15, the advance figure for seasonally adjusted initial claims for unemployment insurance was 201,000, a decrease of 3,000 from the previous week's level. This is the lowest level for initial claims since November 15, 1969, when it was 197,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended September 8. The advance number of those receiving unemployment insurance benefits during the week ended September 8 was 1,645,000, a decrease of 55,000 from the prior week's level, which was revised up by 4,000. This is the lowest level for insured unemployment since August 4, 1973, when it was 1,633,000.

## Eye on the Week Ahead

This week will be full of important economic reports, highlighted by the final figures for the second-quarter gross domestic product. The Federal Open Market Committee meets this week, which is likely to result in an interest rate hike.

*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.*

*The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.*

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