



Market Week: October 15, 2018



The Markets (as of market close October 12, 2018)

Despite a surge at the end of the week, stocks plummeted last week. Each of the benchmark indexes listed here lost value, led by the small caps of the Russell 2000, which fell over 5.0%. The S&P 500, which rebounded last Friday, suffered through its biggest two-day decline last Wednesday and Thursday since early February. The Cboe Volatility Index shot to its highest level since late March last Thursday as trading volumes soared. The cause of the latest stock dump is hard for analysts to determine, and may be due to a combination of the trade conflict between the United States and China, a weakening global economy, and rising interest rates. As investors moved from equities, some money was pushed to bonds, driving long-term bond yields lower as prices rose.

The price of crude oil (WTI) fell back last week, closing at \$71.49 per barrel by late Friday, down from the prior week's closing price of \$74.29 per barrel. The price of gold (COMEX) rose for the second week in a row, closing at \$1,221.10 by early Friday evening, up from the prior week's price of \$1,206.70. The national average retail regular gasoline price was \$2.903 per gallon on October 8, 2018, \$0.037 higher than the prior week's price and \$0.399 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 10/12	Weekly Change	YTD Change
DJIA	24719.22	26447.05	25339.99	-4.19%	2.51%
Nasdaq	6903.39	7788.45	7496.89	-3.74%	8.60%
S&P 500	2673.61	2885.57	2767.13	-4.10%	3.50%
Russell 2000	1535.51	1632.11	1546.68	-5.23%	0.73%
Global Dow	3085.41	3076.99	2966.51	-3.59%	-3.85%
Fed. Funds target rate	1.25%-1.50%	2.00%-2.25%	2.00%-2.25%	0 bps	75 bps
10-year Treasuries	2.41%	3.23%	3.16%	-7 bps	75 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

- Inflationary pressures at the consumer level remained subdued last month as the Consumer Price Index increased a scant 0.1%. Over the last 12 months, the CPI has risen 2.3%. The index less food and energy rose 0.1% in September, the same increase as in August, and is up 2.2% over the last 12 months.
- Sellers of domestic goods and services saw their prices rise 0.2% in September, according to the Bureau of Labor Statistics. Prices fell 0.1% in August. Over the past 12 months ended in September, producer prices have risen 2.6%. Prices less foods, energy, and trade services moved up 0.4% for the month, the largest increase since January, when prices rose 0.5%. A closer look at prices shows that services, particularly transportation services, drove the price index. Goods prices actually fell 0.1% for

Key Dates/Data Releases

10/15: Retail sales

10/16: Industrial production, JOLTS

10/17: Housing starts

10/19: Existing home sales

the month, as energy prices dropped 0.8% and food prices fell 0.6%. However, goods prices less foods and energy actually rose 0.2% in September. Overall, price pressures at the producer level remained relatively subdued in September.

- Import prices rebounded in September, climbing 0.5%, after declining 0.4% in August. Higher fuel prices led the import price increase. For the year, import prices are up 3.5%. Export prices recorded no change in September following a 0.2% drop in August. Export prices have advanced 2.7% for the year ended in September 2018. A strong dollar has kept upward pressures of import prices in check.
- For the week ended October 6, the advance figure for seasonally adjusted initial claims for unemployment insurance was 214,000, an increase of 7,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended September 29 was 1,660,000, an increase of 4,000 from the prior week's level, which was revised up by 6,000.

Eye on the Week Ahead

The housing sector is one segment of the economy that's been lagging for some time. September's figures on housing starts and existing home sales may finally show some upward movement, particularly in home prices.

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