



Market Week: November 5, 2018



The Markets (as of market close November 2, 2018)

Stocks posted a solid week of returns for the first time in several weeks, pulling all but one of the major benchmark indexes listed here into positive territory for the year to date. A strong labor report helped push stocks higher at the end of last week, while somewhat positive tweets from President Trump following discussions with Chinese president Xi also helped quell investors' concerns over the ongoing tariff war. Small caps fared the best last week, led by the Russell 2000. Global stocks also reversed course as the Global Dow climbed over 3.0%. The Nasdaq, S&P 500, and the Dow each posted strong returns by last week's end. Not surprisingly, long-term bond prices fell, driving yields higher.

The price of crude oil (WTI) fell notably last week, closing at \$62.89 per barrel by late Friday, down from the prior week's closing price of \$67.69 per barrel. The price of gold (COMEX) lost value for the first time in several weeks, dropping to \$1,234.50 by Friday evening, off from the prior week's price of \$1,236.10. The national average retail regular gasoline price was \$2.811 per gallon on October 29, 2018, \$0.030 lower than the prior week's price but \$0.323 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 11/2	Weekly Change	YTD Change
DJIA	24719.22	24688.31	25270.83	2.36%	2.23%
Nasdaq	6903.39	7167.21	7356.99	2.65%	6.57%
S&P 500	2673.61	2658.69	2723.06	2.42%	1.85%
Russell 2000	1535.51	1483.82	1547.98	4.32%	0.81%
Global Dow	3085.41	2843.00	2930.66	3.08%	-5.02%
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%	3.07%	3.21%	14 bps	80 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

- October saw a whopping 250,000 new jobs added while the unemployment rate remained at 3.7%, according to the Bureau of Labor Statistics. Job gains occurred in health care, manufacturing, construction, and transportation and warehousing. There were about 6.1 million unemployed — down almost 450,000 from a year ago. The labor force participation rate increased by 0.2 percentage point to 62.9%. The employment-population ratio edged up by 0.2 percentage point to 60.6% in October and had increased by 0.4 percentage point over the year. The average workweek increased by 0.1 hour to 34.5 hours in October. Also in October, average hourly earnings for all employees rose by \$0.05 to \$27.30. Over the year, average hourly earnings have increased by \$0.83, or 3.1%.
- The trade deficit continued to expand in September. The goods and services deficit was \$54.0 billion, or 1.3%, in September, up \$0.7 billion from August. September exports increased by \$3.1 billion, while

Key Dates/Data Releases

11/5: ISM Non-Manufacturing Index

11/6: JOLTS

11/8: FOMC meeting

11/9: Producer Price Index

imports were \$3.8 billion more than August imports. Year-to-date, the goods and services deficit increased \$40.7 billion, or 10.1%, from the same period in 2017. Exports increased \$143.8 billion, or 8.2%. Imports increased \$184.5 billion, or 8.6%.

- Consumers' income rose by 0.2% in September, while spending jumped 0.4%, according to the latest report from the Bureau of Economic Analysis. Disposable (after-tax) personal income also rose by 0.2% for the month. Inflation was steady as prices for consumer goods and services increased 0.1%. However, excluding food and energy, prices bumped ahead by 0.2%. For the year, consumer prices are up 2.0%, right at the inflation target set by the Federal Reserve.
- Reaching a five-month high, a spurt in new orders helped drive manufacturing in October, according to Markit's report on manufacturing. The bump in new orders coupled with efforts to clear backlogs drove new hires, which also outpaced September's rate.
- The October 2018 Manufacturing ISM® Report On Business®, not atypically, differed in its assessment of manufacturing conditions compared to Markit's survey. The ISM® report had new orders, as well as production and employment, decrease. Oftentimes, the difference between the surveys lies in the number of purchasing managers who respond to each survey and how the responses are weighted.
- For the week ended October 27, the advance figure for seasonally adjusted initial claims for unemployment insurance was 214,000, a decrease of 2,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.1% for the week ended October 20. The advance number of those receiving unemployment insurance benefits during the week ended October 20 was 1,631,000, a decrease of 7,000 from the prior week's level, which was revised up by 2,000. This is the lowest level for insured unemployment since July 28, 1973, when it was 1,603,000.

Eye on the Week Ahead

The Federal Open Market Committee meets this week. Speculation is that the Committee will maintain interest rates at their current level, although that is not a certainty.

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.

Non-deposit investment products offered through RBC Wealth Management are not FDIC insured, are not a deposit or other obligation of, or guaranteed by, a bank, and are subject to investment risks, including possible loss of the principal amount invested.

The information contained herein is based on sources believed to be reliable, but its accuracy cannot be guaranteed. Professional Trustee Services are offered to RBC Wealth Management clients by different entities who may serve as trustee. RBC Wealth Management will receive compensation in connection with offering these services. Neither RBC Wealth Management nor its Financial Advisors are able to serve as trustee. RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your tax or legal advisor. RBC Wealth Management is not a mortgage lender or broker. Nothing herein should be construed as an offer or commitment to lend. Any calculations are provided as educational tools, and are not intended to provide investment advice or serve as a financial plan. The result of any calculation performed is hypothetical and does not assume the effect of fees, commissions, tax rates, or changes in interest rates or the rate of inflation, and is not intended to predict or guarantee the actual results of any investment product or strategy. These results depend wholly upon the information provided by you and the assumptions utilized within. In selecting an anticipated investment return, you should consider factors affecting the potential return, such as investment objectives and risk tolerance. The articles and opinions in this advertisement, prepared by Broadridge Investor Communication Services, Inc., are for general information only and are not intended to provide specific advice or recommendations for any individual.

RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.