



Market Week: November 12, 2018



The Markets (as of market close November 9, 2018)

Despite a fall at the end of the week, stocks rode a midweek push to finish in the black. Oil prices officially reached bear territory, hitting their largest price drop in many years. What looked like a very strong week ended with just minor gains for each of the indexes listed here. The Dow led the way, closing last week almost 3.0% ahead of its prior week's value. The S&P 500 was close behind, gaining over 2.0%. Domestically, the tech stocks of the Nasdaq and the small caps of the Russell 2000 were hit hardest by last Friday's sell-off, each index losing most of the gains achieved earlier in the week. Year-over-year, the Nasdaq continues to lead the way, followed by the Dow and the S&P 500. The Russell 2000, which had made considerable gains earlier in the year, has given most of them back. Feeling the ongoing effects of global-growth concerns, the Global Dow has lost value from its 2017 closing mark.

Down 21% from its October high, the price of crude oil (WTI) continued to slide on concerns of oversupply, as prices fell to \$59.83 per barrel by late Friday, down from the prior week's closing price of \$62.89 per barrel. The price of gold (COMEX) lost value again last week, dropping to \$1,209.90 by Friday evening, off from the prior week's price of \$1,234.50. The national average retail regular gasoline price was \$2.753 per gallon on November 5, 2018, \$0.058 lower than the prior week's price but \$0.192 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 11/9	Weekly Change	YTD Change
DJIA	24719.22	25270.83	25989.30	2.84%	5.14%
Nasdaq	6903.39	7356.99	7406.90	0.68%	7.29%
S&P 500	2673.61	2723.06	2781.01	2.13%	4.02%
Russell 2000	1535.51	1547.98	1549.49	0.10%	0.91%
Global Dow	3085.41	2930.66	2954.43	0.81%	-4.25%
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%	3.21%	3.18%	-3 bps	77 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

- As expected, the Federal Reserve Open Market Committee refrained from raising the federal funds rate following its meeting last week. While describing economic activity and job gains as strong, the Committee noted that business investment has moderated. There is one more rate hike in the offing this year, which, if it occurs, would follow FOMC's December 19 meeting.
- Producer prices climbed 0.6% in October following a 0.2% rise in September. Much of the increase last month was attributable to a 1.6% jump in trade services. Excluding food, energy, and trade services, producer prices inched up 0.2%. Year-over-year, producer prices are up 2.9% (2.8% excluding food, energy, and trade services).

Key Dates/Data Releases

11/13: Treasury budget

11/14: Consumer Price Index

11/15: Retail sales, import
and export prices

11/16: Industrial production

- After reaching a high of 7.3 million job openings in August, the number of job openings fell by 284,000 in September, according to the latest Job Openings and Labor Turnover report. Notable job losses occurred in professional and business services (118,000), finance and insurance (82,000), and state and local government (67,000). The number of hires in September was 5.7 million, after reaching a revised series high of 5.9 million in August. There were about 5.7 million total separations, which includes quits, layoffs, and discharges. Overall, there were still many more job openings than those considered unemployed.
- While growth in the services sector continued to show strength in October, expansion slowed compared to September. According to the Non-Manufacturing ISM® Report On Business®, business activity, new orders, employment, and prices each grew in October, but at a slower pace than in the prior month.
- For the week ended November 3, the advance figure for seasonally adjusted initial claims for unemployment insurance was 214,000, a decrease of 1,000 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 27. The advance number of those receiving unemployment insurance benefits during the week ended October 27 was 1,623,000, a decrease of 8,000 from the prior week's level.

Eye on the Week Ahead

The first Treasury budget report for fiscal 2019 is out this week with the release of October's figures. The 2018 budget deficit was over \$100 billion greater than the 2017 deficit. The Consumer Price Index and the report on retail sales for October are released this week. Consumer prices have gone up, but not at the pace of consumer income and spending.

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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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