



Market Week: November 19, 2018



The Markets (as of market close November 16, 2018)

Volatility best describes last week in the market, as each of the benchmark indexes listed here lost value. Apparently, investors may be having trepidations about ongoing business growth and fear that the economy is slowing. Declining oil prices have also contributed to diminishing stock index values. Even optimistic rhetoric between the United States and China wasn't enough to quell investors' concerns. Following last week's slide, the indexes listed here are moving closer to their 2017 year-end values. In fact, the small caps of the Russell 2000 have given back all of the gains garnered during the year and are now below last year's closing mark. Even the Nasdaq, which has led the way for much of the year reaching double digit year-to-date gains, is now only roughly 5.0% ahead of its 2017 year-end value. Long-term bond prices rose as the yield on 10-year Treasuries fell 12 basis points last week.

Oil prices continue to fall, dropping to \$56.77 per barrel by late Friday, down from the prior week's closing price of \$59.83 per barrel. The price of gold (COMEX) reversed course from prior weeks, climbing to \$1,221.70 by Friday evening, up from the prior week's price of \$1,209.90. The national average retail regular gasoline price was \$2.686 per gallon on November 12, 2018, \$0.067 lower than the prior week's price but \$0.094 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 11/16	Weekly Change	YTD Change
DJIA	24719.22	25989.30	25413.22	-2.22%	2.81%
Nasdaq	6903.39	7406.90	7247.87	-2.15%	4.99%
S&P 500	2673.61	2781.01	2736.27	-1.61%	2.34%
Russell 2000	1535.51	1549.49	1527.53	-1.42%	-0.52%
Global Dow	3085.41	2954.43	2925.22	-0.99%	-5.19%
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%	3.18%	3.06%	-12 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

- October, the first month of fiscal year 2019, saw the government deficit reach \$100.5 billion (59% higher than last October). Receipts totaled \$252.7 billion. The government spent \$353.2 billion. Of receipts, individual income taxes accounted for \$129 billion, while corporate income taxes contributed \$8 billion. The largest government expenditures in October were for Social Security (\$84 billion), defense (\$69 billion), and Medicare (\$53 billion).
- Prices consumers paid for goods and services rose 0.3% in October, after inching up 0.1% in September. Over the last 12 months, the Consumer Price Index has risen 2.5%. An increase in gas prices was responsible for over one-third of the October price increase. The CPI less food and energy

Key Dates/Data Releases

11/20: Housing starts

11/21: Durable goods orders, existing home sales

rose 0.2% for the month, and is up 2.1% over the last 12 months.

- A spike in prices for gas, building materials, and autos pushed retail sales up 0.8% in October over the prior month and 4.6% higher than October 2017. Sales, excluding the aforementioned items (otherwise referred to as "control group sales"), rose a more moderate 0.3% for the month. Restaurant sales actually fell 0.2%, following monthly declines in September and August. Heading into shopping season, this report gives an indication that sales will be healthy, if not robust, in November and December.
- According to the Bureau of Labor Statistics, prices for imports increased 0.5% in October following a 0.2% increase in September. This is the highest monthly increase in import prices since a 0.9% jump in May. Over the last 12 months ended in October, import prices have increased 3.5%. Expanding fuel prices (up 3.3%) were a major contributor to the import price increase. Excluding fuel, import prices edged up 0.2% for the month. Export prices advanced 0.4% after recording no change in September. The October advance was the largest monthly increase since the index rose 0.7% in May. For the 12 months ended in October, export prices are up 3.1%.
- Industrial production edged up 0.1% in October, as a gain for manufacturing outweighed decreases in mining (-0.3%) and utilities (-0.5%). Overall, the index for industrial production is 4.1% ahead of October 2017.
- For the week ended November 10, the advance figure for seasonally adjusted initial claims for unemployment insurance was 216,000, an increase of 2,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims increased 0.1 percentage point to 1.2% for the week ended November 3. The advance number of those receiving unemployment insurance benefits during the week ended November 3 was 1,676,000, an increase of 46,000 from the prior week's level, which was revised up 7,000.

Eye on the Week Ahead

Thanksgiving week is typically a slow one for market activity. However, there are a few reports out this week that bear watching. October's housing starts and existing home sales reports are out this week. The housing sector has been slow and is unlikely to pick up much steam as the fall season blends into winter.

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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