



# Market Week: December 10, 2018



## The Markets (as of market close December 7, 2018)

Losses in technology and health-care stocks accounted for much of last week's market drop. The tech-heavy Nasdaq and the small caps of the Russell 2000 suffered the largest declines, leading a week of high market volatility. Bank and industrial stocks also took a big hit last week. Oil prices rose on news that OPEC members agreed to cut back production next year. Uncertainty over the economy and a prolonged trade dispute between the United States and China seem to be prompting investors to capture any stock gains and invest in bonds and futures such as gold. The yield on 10-year Treasuries continued to drop as bond prices climbed with increased demand.

Oil prices closed up for the second week in a row, ending last week at about \$52.21 per barrel by late Friday, up from the prior week's closing price of \$50.72 per barrel. The price of gold (COMEX) gained for the fourth week in a row, climbing to \$1,253.70 by Friday evening, up from the prior week's price of \$1,227.80. The national average retail regular gasoline price was \$2.451 per gallon on December 3, 2018, \$0.088 lower than the prior week's price and \$0.049 lower than a year ago.

Market/Index	2017 Close	Prior Week	As of 12/7	Weekly Change	YTD Change
<b>DJIA</b>	24719.22	25538.46	24388.95	-4.50%	-1.34%
<b>Nasdaq</b>	6903.39	7330.54	6969.25	-4.93%	0.95%
<b>S&amp;P 500</b>	2673.61	2760.17	2633.08	-4.60%	-1.52%
<b>Russell 2000</b>	1535.51	1533.27	1448.09	-5.56%	-5.69%
<b>Global Dow</b>	3085.41	2936.77	2835.95	-3.43%	-8.09%
<b>Fed. Funds target rate</b>	1.25%-1.50%	2.00%-2.25%	2.00%-2.25%	0 bps	75 bps
<b>10-year Treasuries</b>	2.41%	2.99%	2.85%	-14 bps	44 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

- Job growth slowed in November, according to the latest report from the Bureau of Labor Statistics. Employment increased by 155,000 new jobs last month, compared with an average monthly gain of 209,000 over the prior 12 months. The unemployment rate remained unchanged at 3.7% for the third month in a row. In November, job gains occurred in health care, in manufacturing, and in transportation and warehousing. Over the year, the unemployment rate and the number of unemployed persons declined by 0.4 percentage point and 641,000, respectively. Both the labor force participation rate, at 62.9%, and the employment-population ratio, at 60.6%, were unchanged in November. The average workweek decreased by 0.1 hour to 34.4 hours in November. Average hourly earnings rose by \$0.06 to \$27.35. Over the year, average hourly earnings have increased by \$0.81, or 3.1%.
- The international trade deficit expanded by \$0.9 billion in October, growing to \$55.5 billion. October

#### Key Dates/Data Releases

12/10: JOLTS

12/11: Producer Price Index

12/12: Consumer Price Index, Treasury budget

12/13: Import and export prices

12/14: Retail sales, Industrial production

exports were \$211.0 billion, \$0.3 billion less than September exports. October imports were \$266.5 billion, \$0.6 billion more than September imports. Year-to-date, the goods and services deficit increased \$51.3 billion, or 11.4%, from the same period in 2017. Exports increased \$149.3 billion, or 7.7%. Imports increased \$200.6 billion, or 8.4%. The deficit with China grew by almost \$3 billion in October over September, and sits at \$420.8 billion year-to-date — 23% greater than this time last year.

- The IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ for November posted its lowest figure in three months, indicating growth in the manufacturing sector, but at a slower pace than October. More encouraging from this report was the notable growth in new orders, export orders, and employment.
- The November purchasing managers index (PMI®) from the Institute for Supply Management® not only showed growth in the manufacturing sector, but at a higher rate than October. Survey respondents also reported increases in new orders, production, employment, and inventories. Prices and deliveries fell in November from the prior month. While the surveys from Markit and ISM® may differ in some aspects, both reports clearly show that demand remains strong in manufacturing, which is a good sign for the economy.
- According to the Non-Manufacturing ISM® Report On Business®, the services sector expanded in November over October. Business activity, new orders, and prices also grew in October. Only employment decreased slightly from September's survey results.
- For the week ended December 1, the advance figure for seasonally adjusted initial claims for unemployment insurance was 231,000, a decrease of 4,000 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 dipped to 1.1% for the week ended November 24. The advance number of those receiving unemployment insurance benefits during the week ended November 24 was 1,631,000, a decrease of 74,000 from the prior week's level, which was revised down by 5,000.

## Eye on the Week Ahead

Several reports that serve as indicators of inflationary trends are out this week, including the Consumer Price Index, the Producer Price Index, and the report on import and export prices. Inflation has been inching up slowly, and these indicators aren't expected to change that trend for this past November.

*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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