



Market Week: January 14, 2019



The Markets (as of market close January 11, 2019)

For the third straight week, stocks posted positive returns by the close of last week. Each of the indexes listed here gained at least 2.40%, with the small caps of the Russell 2000 zooming up by almost 5.0%. Energy shares had a strong week as oil prices rallied. Investors were also encouraged by rhetoric from Federal Reserve chairman Jerome Powell, who advised that the economy remained on solid ground and that the Fed would be sensitive to changes in the economy when determining whether to raise interest rates.

Oil prices climbed last week, closing at \$51.67 per barrel by late Friday, up from the prior week's closing price of \$48.26 per barrel. The price of gold (COMEX) increased last week, closing at \$1,288.50 by last Friday evening, up from the prior week's price of \$1,286.70. The national average retail regular gasoline price was \$2.237 per gallon on January 7, 2019, \$0.029 lower than the prior week's price and \$0.285 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 1/11	Weekly Change	YTD Change
DJIA	23327.46	23433.16	23995.95	2.40%	2.87%
Nasdaq	6635.28	6738.86	6971.48	3.45%	5.07%
S&P 500	2506.85	2531.94	2596.26	2.54%	3.57%
Russell 2000	1348.56	1380.75	1447.38	4.83%	7.33%
Global Dow	2736.74	2772.41	2847.60	2.71%	4.05%
Fed. Funds target rate	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
10-year Treasuries	2.68%	2.66%	2.69%	3 bps	1 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

- Consumer prices fell slightly in December, dropping 0.1%, after being unchanged in November. Over the last 12 months ended in December, the index has increased 1.9% — the first time the 12-month change has been under 2.0% since August 2017. Driving the December decrease was a 7.5% decline in the gasoline index. The index less food and energy increased 0.2% in December, the same increase as in October and November. Over the last 12 months, prices excluding food and energy have risen 2.2%.
- Though a bit dated, the latest figures from the Job Openings and Labor Turnover Summary revealed that the number of job openings fell to 6.9 million on the last business day of November. There were 7.1 million job openings in October. The number of hires fell from 5.9 million in October to 5.7 million in November. Total separations also fell from 5.6 million in October to 5.5 million in November. Over the 12 months ended in November, hires totaled 68.0 million and separations totaled 65.6 million, yielding a net employment gain of 2.4 million.

Key Dates/Data Releases
1/15: Producer Price Index
1/16: Retail sales, import and export prices
1/17: Housing starts
1/18: Industrial production

- According to the December 2018 Non-Manufacturing ISM® Report On Business®, the services sector slowed last month. The non-manufacturing index dropped 3.1 percentage points lower in December from November. Business activity fell 5.3 percentage points, employment receded 2.1 percentage points, and prices plummeted 6.7 percentage points. New orders posted a marginal 0.2 percentage point uptick in December, while exports jumped 2.0 percentage points. Respondents remained concerned about tariffs and available employment resources.
- For the week ended January 5, 2019, there were 216,000 new claims for unemployment insurance, a decrease of 17,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended December 29, 2018. The advance number of those receiving unemployment insurance benefits during the week ended December 29 was 1,722,000, a decrease of 28,000 from the prior week's level, which was revised up by 10,000.

Eye on the Week Ahead

More reports relating to consumer prices and inflation are on tap for this week. The Federal Reserve's report on industrial production and capacity utilization for December will be worth examining, particularly following purchasing managers' indication last week that manufacturing is slowing.

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.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, 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.