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## Market Week: June 17, 2019



### The Markets (as of market close June 14, 2019)

While not as robust as the prior week, stocks still managed to post gains for the second week in a row. Last week started off with a bang for the benchmark indexes listed here, only to slip lower by Friday as tensions in the Middle East mounted. After getting pummeled in May, stocks have slowly regained some momentum during the early part of June. Year-to-date gains for each of the indexes listed here are in double digits, except for the Global Dow, which is off by less than half a percentage point. Oil prices slipped again last week, while long-term bond yields remained relatively unchanged.

Oil prices decreased to \$52.51 per barrel by late Friday, down from the prior week's price of \$54.04. The price of gold (COMEX) fell last week, dropping to \$1,344.80 by Friday evening, down slightly from the prior week's price of \$1,345.00. The national average retail regular gasoline price was \$2.732 per gallon on June 10, 2019, \$0.075 lower than the prior week's price and \$0.179 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 6/14	Weekly Change	YTD Change
<b>DJIA</b>	23327.46	25983.94	26089.61	0.41%	11.84%
<b>Nasdaq</b>	6635.28	7742.10	7796.66	0.70%	17.50%
<b>S&amp;P 500</b>	2506.85	2873.34	2886.98	0.47%	15.16%
<b>Russell 2000</b>	1348.56	1514.39	1522.50	0.54%	12.90%
<b>Global Dow</b>	2736.74	2990.88	2998.79	0.26%	9.58%
<b>Fed. Funds target rate</b>	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
<b>10-year Treasuries</b>	2.68%	2.09%	2.09%	0 bps	-59 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

- Overall, prices producers received for goods and services edged up 0.1% in May after increasing 0.2% in April. Prices for services increased 0.3%, largely due to a 10.1% jump in guestroom rentals. Prices for services actually carried the spurt in producer prices, as the prices for goods actually dropped 0.2% in May following three consecutive monthly increases. A majority of the decrease can be traced to a 1.0% drop in energy prices. Within the energy sector, gas prices fell 1.7% in May.
- According to the Consumer Price Index, prices consumers paid for goods and services inched up 0.1% in May — the same rate increase as producer prices. The CPI rose 0.3% in April. Over the last 12 months ended in May, the CPI has risen 1.8%. Prices less food and energy also increased 0.1% in May for the fourth consecutive month. Prices less food and energy have climbed 2.0% since May 2018. Within consumer prices, food prices increased 0.3% and prices for medical care services jumped 0.5%. On the other hand, energy prices fell 0.6% and used car and truck prices dropped 1.4%. Evidencing marginal inflationary pressures, the scant increases in both the Consumer Price Index and the Producer Price

**Key Dates/Data Releases**  
**6/18: Housing starts**  
**6/19: FOMC statement**  
**6/21: Existing home sales**

Index could influence the Federal Open Market Committee to keep interest rates at their current level following its meeting later this week.

- Sales at the retail level rose 0.5% in May following a 0.3% increase in April. For the year, retail sales have climbed 3.2% since May 2018. Online sales spiked 1.4% in May and are up 11.4% over the last 12 months. Areas experiencing a good sales month include sporting goods, hobby, musical instrument & book stores (1.1%) and electronics & appliance stores (1.1%).
- The federal budget deficit sat at \$207.8 billion in May. There was a surplus of \$160.3 billion in April (tax month). Fiscal year-to-date, the government is operating at a deficit of \$738.6 billion compared to a deficit of \$532.2 billion over the same period last fiscal year. Last month, the largest outlays were for Medicare (\$98 billion), Social Security (\$88 billion), and national defense (\$65 billion). On the other side of the ledger, individual income taxes brought in \$104 billion, while corporate taxes accounted for \$0.4 billion of total government receipts.
- Industrial production rose 0.4% in May after falling 0.4% in April. The indexes for manufacturing and mining gained 0.2% and 0.1%, respectively, in May, while the index for utilities climbed 2.1%. Total industrial production was 2.0% higher in May compared to a year earlier.
- Prices for U.S. imports declined 0.3% in May following an increase of 0.1% the previous month. This is the first monthly decline in import prices since last December. Import fuel prices fell 1.0%, helping to drive the overall import price decline last month. Over the 12 months ended in May, import prices have decreased 1.5%. Export prices fell for the first time since January, dropping 0.2% in May, after advancing 0.1% in April. Export prices decreased 0.7% over the past 12 months ended in May, the largest year-over-year decline since prices dropped 1.1% for the 12-month period ended in October 2016. Agricultural export prices fell 5.3% over the past year, the largest 12-month drop since the index declined 9.1% in April 2016. All of this information references a period just before the United States increased tariffs on \$200 billion of Chinese imports. Next month's figures should reflect the impact, if any, of those tariffs.
- According to the Job Openings and Labor Turnover report, the number of job openings was little changed at 7.4 million on the last day of April. Job openings increased in federal government (+22,000) and educational services (+20,000). Job openings decreased in professional and business services (-172,000). The number of job openings was little changed in all four regions. Over the month, the number of hires edged up to 5.9 million (+240,000 from March). Total separations, which include quits, layoffs, and discharges, increased by 70,000 to 5.6 million in April. Over the 12 months ended in April, hires totaled 69.6 million and separations totaled 66.8 million, yielding a net employment gain of 2.8 million.
- For the week ended June 8, there were 222,000 claims for unemployment insurance, an increase of 3,000 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 1.2% for the week ended June 1. The advance number of those receiving unemployment insurance benefits during the week ended June 1 was 1,695,000, an increase of 2,000 from the prior week's level, which was revised up by 11,000.

## Eye on the Week Ahead

The Federal Open Market Committee meets this week. Although the stock market has bounced back some, inflation remains stagnant and ongoing economic pressures from the trade war with China are likely to discourage an interest rate hike.

*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*

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*listed are unmanaged and are not available for direct investment.*

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