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Market Week: June 24, 2019



The Markets (as of market close June 21, 2019)

Stocks enjoyed another week of strong growth as investors were encouraged by the Fed's decision to keep interest rates unchanged and hope for a resolution to the ongoing trade war between the United States and China. Each of the benchmark indexes listed here posted solid gains last week, led by the Nasdaq and the Global Dow. During the week, the S&P 500 reached a record high, as did the Dow — this despite growing tensions between the United States and Iran. For the year, the Nasdaq is firmly ahead of its 2018 closing value, while the S&P 500 is approaching a gain of 20% for 2019.

Oil prices rose to \$57.60 per barrel by late Friday afternoon, up from the prior week's price of \$52.51. On news that interest rates might be in line for a reduction, the price of gold (COMEX) spiked last week, climbing to \$1,402.70 by late Friday afternoon, up from the prior week's price of \$1,344.80. The national average retail regular gasoline price was \$2.670 per gallon on June 17, 2019, \$0.062 lower than the prior week's price and \$0.209 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 6/21	Weekly Change	YTD Change
DJIA	23327.46	26089.61	26719.13	2.41%	14.54%
Nasdaq	6635.28	7796.66	8031.71	3.01%	21.05%
S&P 500	2506.85	2886.98	2950.46	2.20%	17.70%
Russell 2000	1348.56	1522.50	1549.63	1.78%	14.91%
Global Dow	2736.74	2998.79	3081.62	2.76%	12.60%
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%	2.09%	2.06%	-3 bps	-62 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

- Once again, the Federal Open Market Committee decided to maintain the federal funds rate at its current range of 2.25%-2.50%. Interestingly, one member of the voting Committee, St. Louis Fed President James Bullard, dissented in favor of lowering the target range for the federal funds rate by 25 basis points. The Committee noted that job gains have been solid, the unemployment rate has remained low, and household spending has picked up from earlier in the year. However, business fixed investment has been soft and inflation is running below the Committee's 2% target rate.
- New home construction slowed in May, which could impact available inventory over the summer. Housing starts and home completions fell 0.9% and 9.5%, respectively, in May. On the positive side, building permits increased 0.3%, and permits for single-family homes jumped 3.7% in May over April's totals.
- The housing market finally may be picking up steam. Sales of existing homes rose 2.5% in May over

Key Dates/Data Releases

6/25: New home sales

6/26: Durable goods orders, international trade in goods

6/27: GDP

6/28: Personal income and outlays

April's revised total, which rose from a decline of 0.4%, to no change over March. Over the last 12 months, sales of existing homes are down 1.1%. The median existing-home price in May was \$277,700 (\$267,300 in April), up 4.8% from May 2018 (\$265,100). Total housing inventory at the end of May increased to 1.92 million, up from 1.83 million existing homes available for sale in April. This represents a 4.3-month supply at the current sales pace, up from the 4.2-month supply in April.

- For the week ended June 15, there were 216,000 claims for unemployment insurance, a decrease of 6,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended June 8. The advance number of those receiving unemployment insurance benefits during the week ended June 8 was 1,662,000, a decrease of 37,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

The May figures on new home sales are available this week. Prices are rising and sales have been picking up. Also out this week are the final figures on the gross domestic product for the first quarter. The second iteration of the report showed the economy grew at an annualized rate of 3.1%.

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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