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Market Week: August 12, 2019



The Markets (as of market close August 9, 2019)

Fearful that the ongoing trade war between the United States and China could slow economic growth at home and abroad, investors have pulled money from stocks and adopted a "wait-and-see" approach. Not only has the trade war impacted the market, but further interest rate cuts by the Federal Reserve that were anticipated earlier this summer, now may not be in the offing. While the benchmark indexes are still well ahead of their 2018 year-end values, they're only marginally up from where they were this time last year. Compared to a year earlier, the Dow is 3.3% ahead, the S&P 500 is up 3.5%, the Nasdaq is up 2.9%, while the Russell 2000 (-9.0%) and the Global Dow (-3.8%) are behind last year's pace. Money has poured into long-term bonds driving prices higher and yields lower.

Oil prices fell again last week, closing at \$54.27 per barrel by late Friday afternoon, down from the prior week's price of \$55.23. The price of gold (COMEX) continued to climb last week, closing at \$1,509.10 by late Friday afternoon, up from the prior week's price of \$1,452.70. The national average retail regular gasoline price was \$2.688 per gallon on August 5, 2019, \$0.027 lower than the prior week's price and \$0.164 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 8/9	Weekly Change	YTD Change
DJIA	23327.46	26485.01	26287.44	-0.75%	12.69%
Nasdaq	6635.28	8004.07	7959.14	-0.56%	19.95%
S&P 500	2506.85	2932.05	2918.65	-0.46%	16.43%
Russell 2000	1348.56	1533.66	1513.04	-1.34%	12.20%
Global Dow	2736.74	3005.80	2967.60	-1.27%	8.44%
Fed. Funds target rate	2.25%-2.50%	2.00%-2.25%	2.00%-2.25%	0 bps	-25 bps
10-year Treasuries	2.68%	1.85%	1.73%	-12 bps	-95 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 News

- Prices at the producer level were generally soft in July. The Producer Price Index advanced 0.2% in July after inching up 0.1% in both June and May. Producer prices, less foods, energy, and trade services, fell 0.1% in July — the first such decline since October 2015. Over the 12 months ended in July, the PPI rose 1.7%. Prices for goods increased 0.4%, while prices for services fell 0.1% last month. Driving goods prices higher was a 2.3% increase in energy prices, particularly gasoline prices, which spiked 5.2% in July.

Key Dates/Data Releases

8/12: Treasury budget

8/13: Consumer Price Index

8/14: Import and export prices

8/15: Retail sales, industrial production

8/16: Housing starts

- The services (non-manufacturing) sector slowed in July, according to the latest report from the Institute for Supply Management®. The non-manufacturing index fell 1.4 percentage points to its lowest reading since August 2016. Within the services sector, business activity, new orders, and prices fell in July from the prior month. Only employment increased last month.
- According to the Job Openings and Labor Turnover report, on the last business day of June, the job openings level was little changed at 7.3 million. The job openings rate was 4.6% (4.7% in May). Job openings increased in real estate and rental and leasing (38,000), as well as state and local government education (20,000). Total hires (5.7 million) and separations (5.5 million) were little changed in June from the prior month. Over the 12 months ended in June, hires totaled 69.4 million and separations totaled 66.9 million, yielding a net employment gain of 2.5 million.
- For the week ended August 3, there were 209,000 claims for unemployment insurance, a decrease of 8,000 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 July 27. The advance number of those receiving unemployment insurance benefits during the week ended July 27 was 1,684,000, a decrease of 15,000 from the prior week's level.

Eye on the Week Ahead

Important economic reports that are out this week include the Treasury budget, the Consumer Price Index, and industrial production. Compared to last year, the government deficit has been running about 23% higher as we near the end of the fiscal year. Inflation has been stagnant for much of the year as evidenced by the CPI, which is up only 1.6% since June 2018. While manufacturing picked up a bit last month, overall, industrial production has been weak, up only 1.3% from June 2018.

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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