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Market Week: September 3, 2019



The Markets (as of market close August 30, 2019)

Stocks rebounded last week after China's Ministry of Commerce indicated that China had no immediate intention to respond to President Trump's latest threat of an additional round of tariff increases on imports of Chinese goods and services. The result was a surge in stock prices with each of the benchmark indexes listed here posted notable gains, led by the Dow, which eclipsed 3.0% in week-over-week gains. The Nasdaq, the S&P 500, and the Russell 2000 each increased well over 2.0%. Only the Global Dow failed to reach that mark, but came close at almost 1.9%.

Oil prices climbed last week, closing at \$55.16 per barrel by late Friday afternoon, up from the prior week's price of \$53.89. The price of gold (COMEX) fell last week for the first time in several weeks, closing at \$1,529.20 by late Friday afternoon, down from the prior week's price of \$1,537.20. The national average retail regular gasoline price was \$2.574 per gallon on August 26, 2019, \$0.024 lower than the prior week's price and \$0.253 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 8/30	Weekly Change	YTD Change
DJIA	23327.46	25628.90	26403.28	3.02%	13.19%
Nasdaq	6635.28	7751.77	7962.88	2.72%	20.01%
S&P 500	2506.85	2847.11	2926.46	2.79%	16.74%
Russell 2000	1348.56	1459.49	1494.84	2.42%	10.85%
Global Dow	2736.74	2898.73	2953.12	1.88%	7.91%
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%	1.52%	1.50%	-2 bps	-118 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

- The economy grew at a rate of 2.0% in the second quarter, according to the second estimate of the gross domestic product. The first estimate projected a 2.1% growth rate. The economy grew at a 3.1% rate in the first quarter of 2019. Gross domestic income (the sum of incomes earned and costs incurred in the production of GDP) increased 2.1% in the second quarter, compared with an increase of 3.2% in the first quarter. The downward revision in the second estimate is primarily attributable to declining exports and lower corporate investment. Consumer spending increased from an initial estimate of 4.4% to a revised 4.7%. Prices for consumer goods and services increased 2.2% in the second quarter

Key Dates/Data Releases

9/3: Markit PMI

Manufacturing Index, ISM
Manufacturing Index

9/4: International trade

9/5: ISM Non-Manufacturing
Index

9/6: Employment situation

compared to a 0.8% bump in the first quarter. Overall, inflation remains stagnant, while a strong labor market is allowing consumers to spend more, somewhat masking weakness in global growth, exports, and domestic manufacturing.

- Consumer spending rose last month, while prices remained relatively flat. According to the latest figures from the Bureau of Economic Analysis, personal income increased a scant 0.1% in July, but personal consumption expenditures jumped 0.6%. Prices for consumer goods and services inched up 0.2% in July and are up 1.4% over the last 12 months ended in July (well below the Fed's 2.0% target inflation rate).
- In a positive note for the manufacturing sector, new orders for long-lasting durable goods advanced 2.1% in July following a 1.8% gain in June. Transportation equipment drove the July increase, jumping 7.0% in July. Excluding transportation, new orders for durable goods actually decreased 0.4%. Shipments dropped 1.1% in July after two consecutive monthly increases, as transportation shipments fell 2.1%. Unfilled orders reversed a negative trend, advancing 0.1% in July following three consecutive monthly decreases. Inventories continue to increase, up 0.4% in July after jumping 0.3% in June. Another positive note from the report is the 5.0% gain in new orders for nondefense capital goods, or equipment used in private industry for producing consumer goods or services.
- The international trade deficit was \$72.3 billion in July, down \$1.8 billion from \$74.2 billion in June. Exports of goods for July were \$137.3 billion, \$0.9 billion more than June exports. Imports of goods for July were \$209.7 billion, \$0.9 billion less than June imports.
- For the week ended August 24, there were 215,000 claims for unemployment insurance, an increase of 4,000 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 August 17. The advance number of those receiving unemployment insurance benefits during the week ended August 17 was 1,698,000, an increase of 22,000 from the prior week's level, which was revised up by 2,000.

Eye on the Week Ahead

Manufacturing activity has been slow over the summer and is not expected to pick up in August, based on purchasing managers' sentiments. On the other hand, employment has been steady. August's employment data is out at the end of the week. While the total number of new jobs added last month is expected to be in line with prior months, wage growth is also likely to show minimal advancement.

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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