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Market Week: September 16, 2019



The Markets (as of market close September 13, 2019)

Stocks continue to rebound from their August declines, posting gains for the third week in a row. Each of the benchmark indexes listed here increased in value, led by the small caps of the Russell 2000, which climbed close to 5.0%. Trade tensions appeared to wane, at least for now, after China said that it wouldn't impose tariffs on imports of certain U.S. agricultural goods. The European Central Bank initiated several stimulus measures, including an interest rate cut. Buoyed by these events, investors moved to stocks. Long-term bond yields soared as prices plummeted. The yield on 10-year Treasuries closed the week up 35 basis points. Year-to-date, the benchmark indexes are all well above their 2018 closing values.

Oil prices fell last week, closing at \$54.82 per barrel by late Friday afternoon, down from the prior week's price of \$56.60. The price of gold (COMEX) fell for the third consecutive week, closing at \$1,495.70 by late Friday afternoon, down from the prior week's price of \$1,514.70. The national average retail regular gasoline price was \$2.550 per gallon on September 9, 2019, \$0.013 lower than the prior week's price and \$0.283 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 9/13	Weekly Change	YTD Change
DJIA	23327.46	26797.46	27219.52	1.58%	16.68%
Nasdaq	6635.28	8103.07	8176.71	0.91%	23.23%
S&P 500	2506.85	2978.71	3007.39	0.96%	19.97%
Russell 2000	1348.56	1505.17	1578.14	4.85%	17.02%
Global Dow	2736.74	3014.51	3085.67	2.36%	12.75%
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%	1.55%	1.90%	35 bps	-78 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

- Inflationary pressures remain muted as the Consumer Price Index inched up 0.1% in August following a 0.3% bump in July. Over the last 12 months ended in August, the CPI has increased 1.7%. Energy prices fell 1.9%, pulled down by gasoline prices, which dropped 3.5%. The index less food and energy rose 0.3% in August, the same increase as in the previous two months. The index less food and energy rose 2.4% over the last 12 months, its largest 12-month increase since July 2018. Two of the biggest movers last month were prices for used cars and trucks, which increased 1.1%, and prices for medical

Key Dates/Data Releases

9/17: Industrial production

9/18: FOMC meeting

statement, housing starts

9/19: Existing home sales

care services, which jumped 0.9%.

- Producers of goods and services saw prices creep up 0.1% in August, following a 0.2% increase in July and a 0.1% advance in June. For the 12 months ended in August, producer prices have risen 1.8%. Last month, goods prices actually fell 0.5%, the largest decrease since falling 0.6% in January. Falling energy prices accounted for over 80% of the drop. Prices for services climbed 0.3% last month, due in large part to a broad-based increase in prices for services less trade, transportation, and warehousing, which climbed 0.5%.
- The August federal government budget deficit was \$200 billion, up from the July deficit of \$120 billion. Year-to-date, the deficit sits at \$1,067 billion — \$170 billion ahead of the deficit over the same period last year. Comparatively, total receipts (\$3.088 billion) are ahead of total receipts last year (\$2.985 billion). Total outlays (\$4.155 billion) are above last year's outlays (\$3.883 billion).
- Consumers upped their purchases of goods and services in August, according to the Census Bureau's report on retail sales. A big increase in auto sales helped drive overall retail sales up 0.4% in August from the previous month, and 4.1% above August 2018. Retail sales excluding motor vehicles and parts showed no gain in August from July. Online retailers' sales increased by 1.6% in August and are up 16% over a year ago.
- A drop in fuel prices (-4.3%) sent import prices down 0.5% in August, according to the latest figures from the Bureau of Labor Statistics. In a sign of global inflationary weakness, import prices declined 2.0% from August 2018. Prices for exports decreased 0.6% last month after increasing 0.2% in July. The August decline was driven by price decreases in both agricultural (foods, feeds, and beverages) and nonagricultural exports (industrial supplies and materials).
- According to the Job Openings and Labor Turnover Summary, there were 7.2 million job openings at the end of July, little changed from June's figures. The number of hires edged up to 6.0 million (5.7 million in June), and separations also increased to 5.8 million (5.5 million in June). The job openings level decreased in wholesale trade (-55,000) and in federal government (-11,000). The job openings level increased in information (+42,000) and in mining and logging (+11,000). Over the 12 months ended in July, hires totaled 69.6 million and separations totaled 67.0 million, yielding a net employment gain of 2.6 million.
- For the week ended September 7, there were 204,000 claims for unemployment insurance, a decrease of 15,000 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 31. The advance number of those receiving unemployment insurance benefits during the week ended August 31 was 1,670,000, a decrease of 4,000 from the prior week's level, which was revised up by 12,000.

Eye on the Week Ahead

All eyes will be on the midweek meeting of the Federal Open Market Committee. Following its last meeting in July, interest rates were lowered 25 basis points. Economic conditions haven't changed much over the summer. President Trump is demanding that the Committee lower rates again. With the stock market rebounding over the last two weeks, it's possible the Committee holds course until it meets again at the end of October.

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