

Market Week: January 22, 2019



The Markets (as of market close January 18, 2019)

Rhetoric that trade tensions between the United States and China may be easing helped quell investors' concerns, prompting a stock market rally last week. The large caps of the S&P 500 and the Dow led the way, followed by the Nasdaq, the Russell 2000, and the Global Dow. This marks the fourth consecutive week of positive returns, the longest such streak since last August. For the month (and year), each of the benchmark indexes listed here are well ahead of their 2018 closing values. The small-cap Russell 2000 is nearly 10.0% above its 2018 closing value, while the Nasdaq is ahead by almost 8.0% since the end of December.

Oil prices climbed again last week, closing at \$53.83 per barrel by late Friday, up from the prior week's closing price of \$51.67 per barrel. The price of gold (COMEX) fell for the first time in several weeks, closing at \$1,280.60 by last Friday evening, down from the prior week's price of \$1,288.50. The national average retail regular gasoline price was \$2.247 per gallon on January 14, 2019, \$0.010 higher than the prior week's price but \$0.310 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 1/18	Weekly Change	YTD Change
DJIA	23327.46	23995.95	24706.35	2.96%	5.91%
Nasdaq	6635.28	6971.48	7157.23	2.66%	7.87%
S&P 500	2506.85	2596.26	2670.71	2.87%	6.54%
Russell 2000	1348.56	1447.38	1482.50	2.43%	9.93%
Global Dow	2736.74	2847.60	2901.05	1.88%	6.00%
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%	2.69%	2.78%	9 bps	10 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

Note: Due to the partial government shutdown, some reports have not been updated. If and when this information becomes available, it will be included in the corresponding market report.

- Prices producers receive for goods and services fell 0.2% in December after rising 0.1% and 0.6% in November and October, respectively. Producer prices climbed 2.5% in 2018, the same increase as in 2017. A closer look shows that prices for goods dropped 0.4%, largely due to a 13.1% decrease in gasoline prices. Overall, energy prices fell 5.4% in December. Prices for services edged down 0.1% last month following three straight months of increases. The drop in prices for services was led by a 0.3% decrease in trade services (the margin between wholesale prices and retail prices) and a 0.2% drop in transportation and warehousing services.
- Prices paid for imported goods decreased 1.0% in December after falling 1.9% in November. Lower fuel

Key Dates/Data Releases

1/22: Existing home sales

1/25: Durable goods orders,
new home sales

prices drove the decline in December, as nonfuel prices recorded no change. Prices received for exported goods fell 0.6% last month following a 0.8% drop in November. For 2018, import prices decreased 0.6% following a 3.2% increase in 2017. The decline in 2018 was the first calendar-year drop since import prices fell 8.3% in 2015. On the other hand, export prices increased 1.1% in 2018, and have not recorded a calendar year decrease since falling 6.6% in 2015.

- According to the Federal Reserve, industrial production increased 0.3% in December after rising 0.4% in November. Manufacturing output increased 1.1% last month, its largest gain since February 2018. The output of mines rose 1.5%, but the index for utilities fell 6.3%, as warmer-than-usual temperatures lowered the demand for heating. Overall, total industrial production was 4.0% higher in December than it was a year earlier.
- For the week ended January 12, there were 213,000 new claims for unemployment insurance, a decrease of 3,000 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 January 5. The advance number of those receiving unemployment insurance benefits during the week ended January 5 was 1,737,000, an increase of 18,000 from the prior week's level, which was revised down by 3,000.

Eye on the Week Ahead

The housing sector is front and center next week with reports on new and existing home sales in December. Also of interest is the December report on durable goods orders. November saw orders for core capital goods (excluding aircraft and goods produced for the Defense Department) fall 0.6% in November — not a good sign for manufacturers moving forward.

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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