

# Market Week: July 22, 2019



## The Markets (as of market close July 19, 2019)

Each of the benchmark indexes listed here closed last week in the red. Energy stocks dropped as oil prices fell. Stocks in communication services and transportation also declined, impacting the large-cap indexes. Comments from the Fed pointed to signs of economic distress, and leaned toward a possible rate cut later this month. The small caps of the Russell 2000 dipped the most last week, followed by the S&P 500 and the Nasdaq, each of which fell more than 1.0%. The Global Dow and the Dow lost less than 1.0%. For the year, the tech stocks of the Nasdaq remain well in front, followed by the S&P 500 and the Dow, which have all gained over 15% from their 2018 closing values.

Oil prices plunged last week, closing at \$55.97 per barrel by late Friday afternoon, down from the prior week's price of \$60.32. The price of gold (COMEX) continued to climb, closing at \$1,426.50 by late Friday afternoon, up from the prior week's price of \$1,416.30. The national average retail regular gasoline price was \$2.779 per gallon on July 15, 2019, \$0.036 higher than the prior week's price but \$0.086 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 7/19	Weekly Change	YTD Change
<b>DJIA</b>	23327.46	27332.03	27154.20	-0.65%	16.40%
<b>Nasdaq</b>	6635.28	8244.14	8146.49	-1.18%	22.78%
<b>S&amp;P 500</b>	2506.85	3013.77	2976.61	-1.23%	18.74%
<b>Russell 2000</b>	1348.56	1570.00	1547.90	-1.41%	14.78%
<b>Global Dow</b>	2736.74	3108.53	3085.57	-0.74%	12.75%
<b>Fed. Funds target rate</b>	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
<b>10-year Treasuries</b>	2.68%	2.00%	2.04%	4 bps	-64 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

- June was a good month for sales at the retail level, as receipts were 0.4% over the previous month. For the last 12 months ended in June, retail sales are up 3.4%. Falling gas prices actually held the cumulative sales figure down last month. Sales, excluding autos and gas, surged 0.7% in June. A closer look at the numbers points to evolving trends. Sales from electronics and appliance stores are down 0.3% for the month and 5.0% since June 2018. Sales at clothing stores edged 0.5% higher for the month, but are down 0.9% for the year. Department store sales fell 1.1% in June and are down 5.2% from a year ago. On the other hand, nonstore (online) retail sales continue to flourish — up 1.7% in June and 13.4% over the past 12 months.
- Import prices dropped 0.9% in June, pulled down by falling fuel prices (-6.5%). This marks the first monthly decrease in import prices since December 2018. Excluding fuel, import prices decreased 0.3%

## Key Dates/Data Releases

7/23: Existing home sales

7/24: New home sales

7/25: Durable goods orders,  
international trade in goods

7/26: GDP

for June and are off 1.4% for the year. Over the last 12 months ended in June, import prices have plunged 2.0% — the largest 12-month drop since the index fell 2.2% from August 2015 to August 2016. Export prices for domestic goods and services sold to foreign buyers fell 0.7% in June, after decreasing 0.2% in May. The June decline was the largest monthly drop since an 0.8% decrease in November 2018. Exports fell 1.6% for the year ended in June, the largest 12-month decline since the index decreased 2.4% from August 2015 to August 2016. Overall, this report further highlights the lack of inflationary pressures both here and globally.

- Industrial production was unchanged in June, as increases for both manufacturing (+0.4%) and mining (+0.2%) were offset by a drop in utilities (-3.6%). For the second quarter as a whole, industrial production declined at an annual rate of 1.2%, its second consecutive quarterly decrease. Overall, total industrial production was 1.3% higher in June than it was a year earlier.
- Judging by the dearth of applications for building permits and new residential construction, it doesn't look like there will be a glut of new housing units on the market. Housing starts fell again last month, dropping 0.9% from May's totals. On the plus side, single-family housing starts increased 3.5% in June. Building permits sank 6.1% in June and are down 6.6% from a year earlier. Housing completions also plummeted, decreasing 4.8% for the month and 3.7% below June 2018.
- For the week ended July 13, there were 216,000 claims for unemployment insurance, an increase of 8,000 from the previous week's level, which was revised down by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended July 6. The advance number of those receiving unemployment insurance benefits during the week ended July 6 was 1,686,000, a decrease of 42,000 from the prior week's level, which was revised up by 5,000.

## Eye on the Week Ahead

Quite a bit of economic information is out this week, including June's housing figures, durable goods orders (which have been lagging), and the first report on the second-quarter gross domestic product. The economy grew at an annualized rate of 3.1% in the first quarter.

*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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