

Market Week: September 30, 2019



The Markets (as of market close September 27, 2019)

Each of the benchmark indexes listed here lost value for the second consecutive week, with the S&P 500, the Dow, and the Nasdaq sinking to levels not seen since August. Investors were hit with potentially worsening trade tensions between the United States and China, along with political uncertainty following the House's impeachment inquiry proceedings against President Trump. Small caps underperformed large caps as the Nasdaq and Russell 2000 each fell more than 2.0% last week. Bond prices dropped, sending the yield on 10-year Treasuries over 100 basis points below its 2018 closing mark.

Oil prices fell last week, closing at \$56.00 per barrel by late Friday afternoon, down from the prior week's price of \$58.09. The price of gold (COMEX) declined last week, closing at \$1,503.10 by late Friday afternoon, off from the prior week's price of \$1,523.80. The national average retail regular gasoline price was \$2.654 per gallon on September 23, 2019, \$0.102 more than the prior week's price but \$0.190 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 9/27	Weekly Change	YTD Change
DJIA	23327.46	26935.07	26820.25	-0.43%	14.97%
Nasdaq	6635.28	8117.67	7939.63	-2.19%	19.66%
S&P 500	2506.85	2992.07	2961.79	-1.01%	18.15%
Russell 2000	1348.56	1559.76	1520.48	-2.52%	12.75%
Global Dow	2736.74	3065.59	3019.31	-1.51%	10.33%
Fed. Funds target rate	2.25%-2.50%	1.75%-2.00%	1.75%-2.00%	0 bps	-50 bps
10-year Treasuries	2.68%	1.75%	1.67%	-8 bps	-101 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 third and final estimate of the second-quarter gross domestic product showed the economy grew at an annual rate of 2.0%. The first-quarter GDP increased at a rate of 3.1%. Adding to economic growth in the second quarter was strong contributions from consumer spending, which grew at a rate of 4.6%. Government spending also enhanced economic growth, increasing by 4.8% last quarter. Business investment, as measured by nonresidential fixed investment, fell by a notable 1.0% in the second quarter. Gross domestic income, which measures the sum of incomes earned and costs incurred in the production of GDP, rose 1.8% in the second quarter.
- Personal income rose 0.4% in August, and disposable (after-tax) income increased 0.5%. Consumer spending ratcheted back to a 0.1% increase last month after vaulting ahead 0.5% in July. Consumer prices, an indicator of inflationary trends, showed no movement in August after climbing 0.2% in July. Year-to-date, consumer prices are up 1.4% — well below the Fed's 2.0% target rate.

Key Dates/Data Releases

10/1: Markit PMI
Manufacturing Index, ISM
Manufacturing Index

10/3: ISM Non-Manufacturing
Index

10/4: Employment situation,
international trade

- Sales of new single-family homes jumped 7.1% in August after falling almost 9.5% in July. New home sales are up 18.0% over the last 12 months. The median sales price for new single-family homes in August is \$328,400 (\$305,400 in July), and the average sales price is \$404,200 (\$372,700 in July). The estimate of new houses for sale at the end of August was 326,000. This represents a supply of 5.5 months at the current sales rate.
- New orders for manufactured durable goods in August increased \$0.5 billion, or 0.2%, to \$250.7 billion, according to the Census Bureau. This increase, up three consecutive months, followed a 2.0% July increase. Excluding transportation, new orders increased 0.5%. Excluding defense, new orders decreased 0.6%. While this report is a positive for manufacturing overall, new orders for nondefense capital goods actually fell 2.1% after increasing 5.0% or more in each of the prior two months.
- According to the advance report on international trade in goods, the trade deficit was \$72.9 billion in August, up \$0.4 billion from July. Exports in August were \$137.8 billion, \$0.2 billion more than July exports. August imports were \$210.6 billion, \$0.5 billion more than July imports.
- For the week ended September 21, there were 213,000 claims for unemployment insurance, an increase of 3,000 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 fell for the first time in several months, declining 0.1 percentage point to 1.1% for the week ended September 14. The advance number of those receiving unemployment insurance benefits during the week ended September 14 was 1,650,000, a decrease of 15,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

The first week of October focuses on manufacturing, international trade, and employment. Last month, purchasing managers reported a drop in export orders and lagging manufacturing growth in August. Their sentiment should be slightly more encouraging for September. On the labor front, 130,000 new jobs were added in August and the unemployment rate remained at 3.7%. Wages inched up 0.4% in August, and are up 3.2% for the last 12 months. A shrinking labor pool may be the impetus for employers to increase wages.

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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