



Evans Financial Group
 Kelley Evans
 President
 7935 E Prentice Ave., Ste 311
 Greenwood Village, CO 80111
 303-221-2033
 Kelley.Evans@raymondjames.com
 www.evans-financial.com



Market Week: February 19, 2018

The Markets (as of market close February 16, 2018)

Stocks rebounded last week following a tumultuous few weeks of significant losses. Led by the Nasdaq, each of the benchmark indexes listed here posted solid gains. Both the large caps of the Dow and S&P 500 put up impressive gains exceeding 4.0%, as did the small-cap Russell 2000 and the Global Dow. Also of note is the fact that each index listed here is, once again, ahead of its respective 2017 year-end value. All told, last week was the best for stocks since early 2013. And, these gains occurred despite signals that inflation is beginning to pick up steam.

The price of crude oil (WTI) rebounded last week to close at \$61.67 per barrel early Friday evening, up from the prior week's closing price of \$59.24 per barrel. The price of gold (COMEX) also increased last week to \$1,350.40 by early Friday evening, climbing from the prior week's price of \$1,318.50. The national average retail regular gasoline price decreased for first time in several weeks, falling to \$2.607 per gallon on February 12, 2018, \$0.030 lower than the prior week's price but \$0.300 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 2/16	Weekly Change	YTD Change
DJIA	24719.22	24190.90	25219.38	4.25%	2.02%
Nasdaq	6903.39	6874.49	7239.47	5.31%	4.87%
S&P 500	2673.61	2619.55	2732.22	4.30%	2.19%
Russell 2000	1535.51	1477.84	1543.55	4.45%	0.52%
Global Dow	3085.41	3016.88	3144.75	4.24%	1.92%
Fed. Funds target rate	1.25%-1.50%	1.25%-1.50%	1.25%-1.50%	0 bps	0 bps
10-year Treasuries	2.41%	2.85%	2.87%	2 bps	46 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

- Consumer prices for goods and services rose 0.5% in January, according to the Bureau of Labor Statistics. Over the last 12 months, the Consumer Price Index has risen 2.1%. Contributing to the price growth were increases in prices for gasoline, shelter, apparel, medical care, and food. The index less food and energy increased 0.3% in January and 1.8% over the past year. The energy index increased 5.5% and the food index advanced 1.7%. Rising consumer prices could spark fear of rising inflation (and interest rates) among investors, who may react by selling equity holdings, which, in turn, could drive down stock market values.
- In yet another sign of potentially escalating inflation, the Producer Price Index increased 0.4% in January. Over the 12 months ended in January, producer prices are up 2.7%. The PPI less foods, energy, and trade services rose 0.4% in January, the largest advance since increasing 0.5% in April 2017.



Key Dates/Data Releases
2/21: Existing home sales

- Retail and food service sales fell by their largest margin in almost a year in January, according to the Census Bureau report. Retail sales decreased 0.3% compared to December — the largest month-over-month decline since February 2017. January's drop was not as profound as it could have been, since December's sales figures were revised to show no gain from November following an initial report of a 0.4% increase. Notable drop-offs in January occurred in auto sales (-1.3%); building material, garden equipment, and supplies dealers (-2.4%); and health and personal care (-1.2%). Year-over-year, retail sales are up 3.6%. Nonstore (internet) retail sales showed no change in January, but advanced 10.2% from January 2017.
- The monthly government budget for January saw a surplus of \$49.2 billion. For fiscal 2018, the deficit sits at \$175.7 billion compared to \$158.6 billion over the same period in 2017. While government receipts are up 4.2% from the same period last fiscal year, government expenditures have increased 5.1%.
- Industrial production edged down 0.1% in January following four consecutive monthly increases. Manufacturing output was unchanged in January for a second consecutive month, although the index has increased 1.8% over the past 12 months. Mining output fell 1.0%, while the index for utilities moved up 0.6%. Capacity utilization for manufacturing was unchanged in January at 76.2%, a rate that is 2.1 percentage points below its long-run average.
- New residential construction, which finished 2017 in fine fashion, continued to surge in January. According to the Census Bureau report, building permits increased 7.4% from December and housing starts jumped 9.7%. Housing completions fell 1.9%, but are 7.7% ahead of their January 2017 pace.
- Prices are rising in trade, both foreign and domestic. January saw prices for U.S. exports rise 0.8%, while import prices climbed 1.0%. The 1.0% advance (which also occurred last November) marked the largest one-month rise since the index increased 1.2% in May 2016. Import prices advanced 3.6% between January 2017 and January 2018. Exports have not risen by more than 0.8% since advancing 1.1% in May 2016.
- In the week ended February 10, there were 230,000 initial claims for unemployment insurance, an increase of 7,000 from the previous week's level, which was revised up by 2,000. The advance insured unemployment rate remained 1.4% for the week ended February 3. The advance number of those receiving unemployment insurance benefits during the week ended February 3 was 1,942,000, an increase of 15,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

The Presidents' Day week is a slow one for economic reports. However, the minutes from the last Federal Open Market Committee meeting held in January are available and may shed some light on the Committee's take on inflationary trends and the prospects of increasing the federal funds target rate.

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.

This information, developed by an independent third party, has been obtained from sources considered to be reliable, but Raymond James Financial Services, Inc. does not guarantee that the foregoing material is accurate or complete. This information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Investments mentioned may not be suitable for all investors. The material is general in nature. Past performance may not be indicative of future results. Raymond James Financial Services, Inc. does not provide advice on tax, legal or mortgage issues. These matters should be discussed with the appropriate professional.

Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC, an independent broker/dealer, and are not insured by FDIC, NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal.