

Market Week: February 25, 2019



The Markets (as of market close February 22, 2019)

The benchmark indexes listed here posted modest gains last week, led by the small caps of the Russell 2000. With another weekly gain, the Dow has enjoyed its longest streak in almost 25 years. Volatility was moderate last week as the Cboe Volatility Index® hit its lowest level in several months. Long-term bond prices moved very little as yields have remained fairly stable for much of this month. For the year, investors have been bullish on small-cap stocks, pushing the Russell 2000 to an almost 18% gain over its 2018 closing value. The Nasdaq is next, followed by the large caps of the Dow and the S&P 500. Even the Global Dow is 10% ahead of last year's closing mark.

Oil prices rose again last week, closing at \$57.16 per barrel by late Friday, up from the prior week's closing price of \$55.80 per barrel. The price of gold (COMEX) climbed higher last week, jumping to \$1,330.20 by last Friday evening, up from the prior week's price of \$1,324.60. The national average retail regular gasoline price was \$2.317 per gallon on February 18, 2019, \$0.041 higher than the prior week's price but \$0.240 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 2/22	Weekly Change	YTD Change
DJIA	23327.46	25883.25	26031.81	0.57%	11.59%
Nasdaq	6635.28	7472.41	7527.54	0.74%	13.45%
S&P 500	2506.85	2775.60	2792.67	0.62%	11.40%
Russell 2000	1348.56	1569.25	1590.06	1.33%	17.91%
Global Dow	2736.74	2981.11	3010.94	1.00%	10.02%
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%	2.66%	2.65%	-1 bps	-3 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 government shutdown, some affected federal agencies are providing reports for December, while others have information available for January. These monthly reporting differences are noted below.

- New orders for manufactured durable goods in December increased \$3.0 billion, or 1.2%, to \$254.4 billion, according to the latest Census Bureau report. This increase, up two consecutive months, followed a 1.0% November increase. Excluding transportation, new orders increased 0.1%. Excluding defense, new orders increased 1.8%. However, a closer look at the report reveals that business investment in new orders for durable capital goods is lagging. New orders for core capital goods (excluding defense and transportation) fell 0.7% in December, following a revised November drop of 1.0%. Capital goods include buildings, machinery, vehicles, tools, and equipment.

Key Dates/Data Releases

2/26: Housing starts

2/27: International trade in goods

2/28: GDP

3/1: Personal income and outlays, PMI Manufacturing Index, ISM Manufacturing Index

- Sales of existing homes fell for the third consecutive month in January, according to the National Association of Realtors®. Of the four major geographical regions of the United States, only the Northeast saw sales climb higher in January over December. Overall, sales fell 1.2% for the first month of the year and are now down 8.5% from a year ago. The median existing-home price in January was \$247,500, up 2.8% from January 2018 (\$240,800), but down from December's median price of \$253,600. According to the report, home price growth is the slowest since February 2012. Inventory for existing homes for sale edged up from 3.7 months in December to 3.9 months in January.
- For the week ended February 16, there were 216,000 new claims for unemployment insurance, a decrease of 23,000 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 February 9. The advance number of those receiving unemployment insurance benefits during the week ended February 9 was 1,725,000, a decrease of 55,000 from the prior week's level.

Eye on the Week Ahead

With the threat of another government shutdown apparently behind us, several economic reports are out during the last week of the month, not the least of which is the gross domestic product report for the fourth quarter of 2018. Inflation has been held in check at the consumer level, a trend that is likely to be reflected in the latest report on personal income and outlays. Delayed by the aforementioned shutdown, January figures on income will be available, but spending and savings information is available only for December.

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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