

Market Week: April 15, 2019



The Markets (as of market close April 12, 2019)

Trading was fairly light last week as investors await the start of quarterly corporate earnings reports. With several large corporations reporting lower-than-expected profits, investors may be leery of this round of earnings results. However, better-than-expected earnings were reported by a few banking giants last Friday, which should help the market kick off the week on a positive note. While investors watch for more earnings reports, they are also keeping a watchful eye on the world economy. According to European Central Bank President Mario Draghi, Europe's economic slowdown could continue for a while. For the week, each of the benchmark indexes listed here posted moderate gains, except for the Dow, which essentially broke even. The S&P 500 gained about 0.5%, and the Nasdaq closed near 0.6%.

Oil prices continue to climb, closing at \$63.77 per barrel by late Friday, up from the prior week's closing price of \$63.26 per barrel. The price of gold (COMEX) fell again last week, closing at \$1,293.70 by Friday evening, down from the prior week's price of \$1,295.90. The national average retail regular gasoline price was \$2.745 per gallon on April 8, 2019, \$0.054 higher than the prior week's price and \$0.051 more than a year ago.

Market/Index	2018 Close	Prior Week	As of 4/12	Weekly Change	YTD Change
DJIA	23327.46	26424.99	26412.30	-0.05%	13.22%
Nasdaq	6635.28	7938.69	7984.16	0.57%	20.33%
S&P 500	2506.85	2892.74	2907.41	0.51%	15.98%
Russell 2000	1348.56	1582.56	1584.80	0.14%	17.52%
Global Dow	2736.74	3072.23	3079.86	0.25%	12.54%
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%	2.49%	2.56%	7 bps	-12 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

- Inflationary pressures remained weak in March. Consumer prices climbed 0.4% in March after rising 0.2% in February. For the 12 months ended in March, the CPI increased 1.9%. However, driving much of the price increase last month was a 3.5% increase in energy prices (gas prices jumped 6.5%). The CPI less food and energy inched up only 0.1% for the month, and has increased 2.0% over the last 12 months.
- Surging energy prices also pushed producer prices higher in March. According to the latest report from the Bureau of Labor Statistics, the Producer Price Index rose 0.6% last month, ahead of the 0.1% February increase. Gasoline prices zoomed 16% higher in March. Prices excluding foods, energy, and trade services were unchanged in March following a 0.1% advance in February.

Key Dates/Data Releases
4/16: Industrial production
4/17: International trade
4/18: Retail sales
4/19: Housing starts

- The price of imports rose by 0.6% in March following a 1.0% jump in February. Soaring energy prices drove import costs higher. For the first quarter of the year, import prices have risen 1.7% — the largest three-month rise since prices surged 1.9% for the October 2017 through December 2018 stretch. Exports advanced 0.7% last month, the same increase as in February.
- According to the Federal Reserve, the government deficit in March was \$146.9 billion (\$208.7 billion in March 2018). For the fiscal year, the deficit sits at \$691.2 billion — over 15% greater than the deficit over the same period last year. Big-ticket expenditures last month included Social Security (\$87 billion), national defense (\$58 billion), income security (\$57 billion), and Medicare (\$53 billion).
- The number of job openings fell to 7.1 million (-538,000) on the last business day of February from January's total, according to the Job Openings and Labor Turnover report. Job openings decreased in a number of industries, with the largest decreases in accommodation and food services (-103,000), real estate and rental and leasing (-72,000), and transportation, warehousing, and utilities (-66,000). The number of job openings fell in the Northeast, South, and Midwest regions. Over the 12 months ended in February, hires totaled 69.3 million and separations totaled 66.6 million, yielding a net employment gain of 2.7 million.
- For the week ended April 6, there were 196,000 new claims for unemployment insurance, a decrease of 8,000 from the previous week's level, which was revised up by 2,000. This is the lowest level for initial claims since October 4, 1969, when it was 193,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended March 30. The advance number of those receiving unemployment insurance benefits during the week ended March 30 was 1,713,000, a decrease of 13,000 from the prior week's level, which was revised up by 9,000.

Eye on the Week Ahead

Economic indicators have shown that industrial production has slowed during the first quarter of 2019. The Federal Reserve's March report is out this week, which may (hopefully) show some acceleration in manufacturing. Also, this week, the February figures on the international trade deficit are available. The January trade deficit was over \$51 billion, down from December's nearly \$60 billion figure.

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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