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Market Week: March 4, 2019



The Markets (as of market close March 1, 2019)

The momentum stocks have enjoyed since the beginning of the year waned some last week as investors took time to consider economic and trade developments. The tech-heavy Nasdaq gained the most, up almost 1.0%. At the other end of the spectrum was the Global Dow, which fell 0.15%. In between, the Dow and the Russell 2000 almost broke even, while the S&P 500 pushed ahead by about 0.4%. For the year, the major indexes listed here are still doing quite well. The Dow and S&P 500 are off to their best start to a year in over 30 years, while the Nasdaq has enjoyed 10 straight weeks of positive returns.

Oil prices fell for the first time in several weeks, closing at \$55.74 per barrel by late Friday, down from the prior week's closing price of \$57.16 per barrel. The price of gold (COMEX) dove last week, sinking to \$1,294.20 by last Friday evening, down from the prior week's price of \$1,330.20. The national average retail regular gasoline price was \$2.390 per gallon on February 25, 2019, \$0.073 higher than the prior week's price but \$0.158 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 3/1	Weekly Change	YTD Change
DJIA	23327.46	26031.81	26026.32	-0.02%	11.57%
Nasdaq	6635.28	7527.54	7595.35	0.90%	14.47%
S&P 500	2506.85	2792.67	2803.69	0.39%	11.84%
Russell 2000	1348.56	1590.06	1589.64	-0.03%	17.88%
Global Dow	2736.74	3010.94	3006.41	-0.15%	9.85%
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%	2.65%	2.75%	10 bps	7 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.

- According to the initial estimate, the gross domestic product increased at an annual rate of 2.6% in the fourth quarter of 2018. The third-quarter GDP increased 3.4%. Pulling the GDP lower in the fourth quarter were decelerations in private inventory investment, personal consumption expenditures, and federal, state, and local government spending. On the plus side, exports and nonresidential (business) fixed investment increased from the third quarter. Imports, a negative in the calculation of GDP, fell in the fourth quarter, which helped push the GDP rate higher.
- The personal income and outlays report is favored by the Federal Reserve as an inflation indicator. Due to the recent partial government shutdown, the current report combines estimates for income and

Key Dates/Data Releases

3/5: ISM Non-Manufacturing Index, new home sales, Treasury budget

3/6: International trade

3/8: Employment situation

outlays for December, but only income estimates for January. Consumer income rose 1.0% in December but fell 0.1% in January. Disposable, or after-tax, income dropped 0.2% in January after vaulting 1.1% in December. Wages and salaries climbed 0.5% in December and 0.3% in January. On the other hand, personal interest income advanced 0.6% in December but plummeted 1.3% in January. Dividend income rose 7.2% in December but fell 6.3% in January. Consumer spending decreased 0.5% in December. Consumers spent less on both goods and services in December. Within goods, recreational goods and vehicles was the leading contributor to the decrease. Within services, the largest contributor to the decrease was spending for household electricity and gas.

- The latest report on new home construction from the Census Bureau is for December. Building permits were 0.3% higher over the last month of 2018 compared to November. However, single-family permits in December were 2.2% below the November figure. Home construction was also lagging in December. Housing starts for the month were 11.2% lower than November's total. Single-family starts were 6.7% below November's rate. Housing completions were 2.7% off in December, and single-family home completions were only 0.1% higher than in November.
- To facilitate a faster return to the normal processing and release schedule following the lapse in funding, there will not be an advance report on international trade in goods issued for January or February 2019. The latest report is for December. The international trade deficit was \$79.5 billion in December, up \$9.0 billion from \$70.5 billion in November. Exports of goods for December were \$135.7 billion, \$4.0 billion less than November exports. Imports of goods for December were \$215.2 billion, \$5.0 billion more than November imports.
- Survey respondents to the IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) survey indicated that manufacturing slowed noticeably in February. The index was 53.0 for the month, down from 54.9 in January, slipping to the lowest rate since August 2017. While production remained steady, new orders fell to their lowest rate since last June.
- Following the Markit report, the Institute for Supply Management® (ISM®) also noted activity slowed in the manufacturing sector in February with its PMI® falling 2.4 percentage points from the January reading. New orders, production, employment, and prices all decreased in February.
- For the week ended February 23, there were 225,000 new claims for unemployment insurance, an increase of 8,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims rose 0.1% to 1.3% for the week ended February 16. The advance number of those receiving unemployment insurance benefits during the week ended February 16 was 1,805,000, an increase of 79,000 from the prior week's level, which was revised up by 1,000.

Eye on the Week Ahead

The employment figures for February are out this week. Over 300,000 new jobs were added in January, so a reduction is expected for February. Wage inflation has been tepid for the most part, rising a little over 3.0% in 2018.

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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