



**Maier & Associates Financial Group, Inc.**

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**MARKET WEEK: MARCH 26, 2018**

**Key Dates/Data Releases**  
**3/28: GDP, international trade in goods**  
**3/29: Personal income and outlays**

**The Markets (as of market close March 23, 2018)**

Volatility is the catchword when describing the market lately. Investors had better buckle up for a bumpy ride from here on, at least according to indications from the Chicago Board Options Exchange (Cboe) Volatility Index®, which attempts to provide a forward-looking expectation of price fluctuation in the S&P 500 based on stock option trading. The Cboe Volatility Index® soared from 15.80 on March 16 to 24.87 last Friday. Last week's market performance was one of the worst in years, with the S&P 500 suffering its biggest drop since the beginning of 2016. The tech-heavy Nasdaq exceeded the losses suffered by the large-cap index, falling over 6.50%. The prospect of escalating trade tensions is also weighing on investors as indicated by last Thursday's sell-off following the Trump administration's call for tariffs on Chinese imports.

The price of crude oil (WTI) surged last week, closing at \$65.74 per barrel early Friday evening, ahead of the prior week's closing price of \$62.25 per barrel. The price of gold (COMEX) also climbed to \$1,352.90 by early Friday evening, rising from the prior week's price of \$1,313.90. The national average retail regular gasoline price increased to \$2.598 per gallon on March 19, 2018, \$0.039 higher than the prior week's price and \$0.277 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 3/23	Weekly Change	YTD Change
DJIA	24719.22	24946.51	23533.20	-5.67%	-4.80%
Nasdaq	6903.39	7481.99	6992.67	-6.54%	1.29%

<b>S&amp;P 500</b>	2673.61	2752.01	2588.26	-5.95%	-3.19%
<b>Russell 2000</b>	1535.51	1586.05	1510.08	-4.79%	-1.66%
<b>Global Dow</b>	3085.41	3121.33	2988.62	-4.25%	-3.14%
<b>Fed. Funds target rate</b>	1.25%-1.50%	1.25%-1.50%	1.50%-1.75%	25 bps	25 bps
<b>10-year Treasuries</b>	2.41%	2.84%	2.81%	-3 bps	40 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

- Citing continued strengthening of the labor market and moderate rising of economic activity, the Federal Open Market Committee decided to increase the target range for the federal funds rate 25 basis points to 1.50% to 1.75%. The Committee raised the target range despite inflation that continues to run below the Fed's target rate of 2.0%. Two more rate hikes remain likely during the remainder of 2018.
- Sales of existing homes picked up the pace in February following two consecutive monthly declines. Existing home sales grew 3.0% for the month, and are now 1.1% above a year ago. The median existing home price expanded for the 72nd straight month in February, increasing to \$241,700, which is up 5.9% from February 2017 (\$228,200). Helping drive sales was an increase in existing home inventory, which rose 4.6% (still 8.1% lower than a year ago). There is a 3.4-month supply of unsold inventory at the current sales pace, compared to a 3.8-month supply in January. Despite surging prices and low inventories, the uptick in sales of existing homes is likely attributable to a healthy economy.
- New home sales slipped in February, down 0.6% from their January pace. Nevertheless, sales are still 0.5% ahead of their February 2017 estimate. The median sales price of new houses sold in February 2018 was \$326,800. The average sales price was \$376,700. Inventory of new homes for sale represents a supply of about 5.9 months at the current sales rate.
- The manufacturing sector bounced back in February as new orders for durable goods increased by 3.1% for the month, compared to January's 3.5% drop. Excluding transportation, which led the increase (up 7.1%), new orders increased 1.2%. Shipments, inventories, and unfilled orders also increased in February. New orders are up 8.9% year-over-year, while core capital goods (excluding defense and transportation) are up an impressive 8.0% over last year.

- In the week ended March 17, there were 229,000 initial claims for unemployment insurance, an increase of 3,000 from the previous week's level. The advance insured unemployment rate remained at 1.3% for the week ended March 10. The advance number of those receiving unemployment insurance benefits during the week ended March 10 was 1,828,000, a decrease of 57,000 from the prior week's level, which was revised up by 6,000. This is the lowest level for insured unemployment since December 29, 1973, when it was 1,805,000.

### Eye on the Week Ahead

The third and final release for the fourth-quarter gross domestic product is available this week. The annualized rate of growth is expected to remain about 2.5% for the quarter. Also worth noting this week is the international trade in goods report for February. The trade deficit continues to widened, as the cost of imports regularly outpace exports.

*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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