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Market Week: September 5, 2017

The Markets (as of market close September 1, 2017)

Equities were back in the black last week, with each of the indexes listed here posting end-of-week gains. The Nasdaq soared to its largest weekly gain of the year. The large caps of the Dow and S&P 500 enjoyed noticeable gains, despite last Friday's mundane jobs report. Even the Russell 2000, which had been lagging of late, climbed over 2.50% for the week and is now 4.16% ahead of its 2016 closing value.

The price of crude oil (WTI) closed at $47.35 per barrel, down from the prior week's closing price of $47.87 per barrel. The price of gold (COMEX) reached $1,329.90 by early Friday evening, $33.40 higher than the prior week's price of $1,296.50. The national average retail regular gasoline price decreased to $2.399 per gallon on August 28, 2017, $0.039 lower than the prior week's price and $0.162 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 9/1	Weekly Change	YTD Change
DJIA	19762.60	21813.67	21987.56	0.80%	11.26%
Nasdaq	5383.12	6265.64	6435.33	2.71%	19.55%
S&P 500	2238.83	2443.05	2476.55	1.37%	10.62%
Russell 2000	1357.13	1377.45	1413.57	2.62%	4.16%
Global Dow	2528.21	2834.52	2852.47	0.63%	12.83%
Fed. Funds target rate	0.50%-0.75%	1.00%-1.25%	1.00%-1.25%	0 bps	50 bps
10-year Treasuries	2.44%	2.17%	2.16%	-1 bps	-28 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

- The latest report on the second-quarter gross domestic product proved to be very solid, as the GDP climbed to 3.0% — 0.4 percentage point higher than the first estimate. The first-quarter GDP increased 1.2%. Economic growth was led by increases in consumer spending, nonresidential (business) fixed investment, federal government spending, and private inventory investment. Downturns occurred in residential fixed investment, state and local government spending, and a deceleration in exports. Increased consumer spending could be related to weak price inflation. How the Fed views this information when it meets later this month could go a long way in determining whether interest rates are raised.
- The number of new hires took a step back in August with only 156,000 jobs added during the month. Job gains occurred in manufacturing, construction, professional and technical services, health care, and mining. Employment growth has averaged 176,000 per month thus far this year, down from the average monthly gain of 187,000 in 2016. The unemployment rate ticked up 0.1 percentage point to 4.4%. The labor force participation rate, at 62.9%, was unchanged in August and has shown little movement on net over the past year. The employment-population ratio, at 60.1%, was little changed over the month and

Key Dates/Data Releases

9/6: International trade, ISM Non-manufacturing Index

thus far this year. The average workweek for all employees on private nonfarm payrolls declined by 0.1 hour to 34.4 hours in August. Average hourly earnings for all employees on private nonfarm payrolls rose by $0.03 to $26.39, after rising by $0.09 in July. Over the past 12 months, average hourly earnings have increased by $0.65, or 2.5%.

- Consumers' income and spending increased in July but not prices, according to the latest report from the Bureau of Economic Analysis. Personal (pre-tax) income increased $65.6 billion (0.4%) in July while disposable (after-tax) personal income (DPI) increased $39.6 billion (0.3%). Personal consumption expenditures (PCE) increased $44.7 billion (0.3%). Prices for consumer goods and services as measured by the PCE price index increased a marginal 0.1%, as did core (excluding food and energy) PCE.
- The international trade in goods deficit expanded to $65.1 billion in July, up $1.1 billion from $64.0 billion in June. Exports of goods for July were $127.1 billion, $1.6 billion less than June exports. Imports of goods for July were $192.2 billion, $0.5 billion less than June imports.
- According to the August survey from IHS Markit, manufacturing output was the weakest since June 2016. U.S. Manufacturing Purchasing Managers' Index™ (PMI™) registered 52.8 in August, down slightly from July's reading of 53.3. Since a reading over 50 signifies growth, manufacturing output grew in August, but at a slower pace than July's growth. The purchasing managers index from the Institute for Supply Management showed output increased last month. The August PMI® registered 58.8%, an increase of 2.5 percentage points from the July reading of 56.3%. The survey sample size for the purchasing managers' index of the ISM is generally smaller than the one used by Markit, which may explain discrepancies between the reports.
- The Conference Board Consumer Confidence Index® increased to 122.9 in August, up from July's reading of 120.0. Survey respondents were bullish on current economic conditions, while their short-term expectations were tepid. The Index of Consumer Sentiment from the University of Michigan's Surveys of Consumers increased from July's 93.4% to 96.9% in August.
- In the week ended August 26, the advance figure for initial claims for unemployment insurance was 236,000, an increase of 1,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 234,000 to 235,000. The advance insured unemployment rate remained at 1.4%. The advance number of those receiving unemployment insurance during the week ended August 19 was 1,942,000, a decrease of 12,000 from the previous week's unrevised level of 1,954,000.

Eye on the Week Ahead

The Gulf region continues to recover from the effects of Hurricane Harvey. It will be several weeks before the economic impact of that devastating storm can be measured. July's report on international trade for goods and services is out this week. Last week's report showed that the goods trade deficit expanded in July. Despite efforts on the part of the current administration to control foreign trade, imports continue to expand at a faster rate than exports, pushing the trade deficit higher.

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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