

Sopher Financial Group

Daniel Sopher, RFC
258 Bridge Street
Metuchen, NJ 08840
732-603-0400
dan@sopherfinancial.com
www.sopherfinancial.com



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Market Week: July 23, 2018

The Markets (as of market close July 20, 2018)

Last week stocks held their own for the most part, with the Dow and S&P 500 posting marginal gains. The tech-heavy Nasdaq fell slightly, while the small caps of the Russell 2000 gained better than half a percent and the Global Dow jumped ahead about a quarter of a percent. Both the dollar and government bond prices reacted to President Trump's criticism of the Fed for raising interest rates, while claiming the European Union and China were "manipulating their currencies and interest rates lower." The dollar fell nearly 7.0% and the yield on 10-year Treasuries increased 6 basis points as bond prices fell.

The price of crude oil (WTI) dipped again last week, closing at \$70.31 per barrel, down from the prior week's closing price of \$70.62 per barrel. The price of gold (COMEX) continued to fall last week, closing at \$1,231.30 by early Friday evening, down from the prior week's price of \$1,241.30. The national average retail regular gasoline price climbed to \$2.865 per gallon on July 16, 2018, \$0.008 higher than the prior week's price and \$0.587 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 7/20	Weekly Change	YTD Change
DJIA	24719.22	25019.41	25058.12	0.15%	1.37%
Nasdaq	6903.39	7825.98	7820.20	-0.07%	13.28%
S&P 500	2673.61	2801.31	2801.83	0.02%	4.80%
Russell 2000	1535.51	1687.08	1696.81	0.58%	10.50%
Global Dow	3085.41	3029.17	3037.08	0.26%	-1.57%
Fed. Funds target rate	1.25%-1.50%	1.75%-2.00%	1.75%-2.00%	0 bps	50 bps
10-year Treasuries	2.41%	2.83%	2.89%	6 bps	48 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

- Consumers spent more at the retail level last month. Retail and food services sales in June increased 0.5% over May's totals, and are up 6.6% over June 2017. Sales at the retail level are up 0.3% for the month and 6.4% above last year. Gasoline station sales are up a noteworthy 21.6% from June 2017. Online retail sales have increased 10.2% from last year. Retail sales less auto and gas are up 0.3%. Motor vehicle and parts dealer sales jumped 0.9% for the month and 4.6% from last June. Restaurants and bars saw sales increase 1.5% in June and 8.0% over last year.
- New home construction slowed in June, according to the latest report from the Census Bureau. Building permits (-2.2%) and housing starts (-12.3%) fell to their lowest rates since last September. Housing completions were essentially unchanged in June.
- According to the Federal Reserve, industrial production rose 0.6% in June after declining 0.5% in May. For the second quarter as a whole, industrial production advanced at an annual rate of 6.0%, its third

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Key Dates/Data Releases

7/23: Existing home sales

7/25: New home sales

7/26: Durable goods orders, international trade in goods

7/27: GDP

consecutive quarterly increase. Manufacturing output moved up 0.8% in June. Factory output increased 0.3% in June, while mining (1.2%) and utilities (1.5%) also expanded.

- In the week ended July 14, there were 207,000 initial claims for unemployment insurance, a decrease of 8,000 from the previous week's level, which was revised up 1,000. This is the lowest level for initial claims since December 6, 1969, when it was 202,000. The advance rate for insured unemployment claims remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended July 7 was 1,751,000, an increase of 8,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

Several important economic indicators are released this week, including June reports on new and existing home sales. The latest figures on international trade in goods may be impacted by the ongoing trade wars. Durable goods orders also could be influenced by increased tariffs on both imports and exports. Finally, the latest report on gross domestic product for the second quarter is released at the end of the week.

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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