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Prepared for: Our Valuable Clients

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MARKET WEEK: MAY 13, 2019

Key Dates/Data Releases

5/14: Import and export prices

5/15: Retail sales, industrial production

5/16: Housing starts

The Markets (as of market close May 10, 2019)

Only a late rally last Friday saved the benchmark indexes from their worst week of the year. As it was, each of the indexes listed here fell at least 2.12%, with the Global Dow and the Nasdaq falling more than 3.0%. During the week, the small-cap Russell 2000 temporarily sank into correction territory as it drifted more than 10% below its August 2018 high. Once again it appears trade fears stoked investor concerns following President Trump's 25% tariff rate hike on some Chinese imports. Not surprisingly, bond yields fell as prices rose following increased investor demand. Also notable last week was the initial public offering of Uber, which raised more than \$8.1 billion, making it the largest IPO since Alibaba Group's 2014 public launching.

Oil prices inched lower last week, closing at \$61.73 per barrel by late Friday, down from the prior week's closing price of \$61.87 per barrel. The price of gold (COMEX) dropped last week, closing at \$1,286.50 by Friday evening, down from the prior week's price of \$1,288.40. The national average retail regular gasoline price was \$2.897 per gallon on May 6, 2019, \$0.010 higher than the prior week's price and \$0.052 more than a year ago.

Market/Index	2018 Close	Prior Week	As of 5/10	Weekly Change	YTD Change
DJIA	23327.46	26504.95	25942.37	-2.12%	11.21%

Nasdaq	6635.28	8164.00	7916.94	-3.03%	19.32%
S&P 500	2506.85	2945.64	2881.40	-2.18%	14.94%
Russell 2000	1348.56	1614.02	1572.99	-2.54%	16.64%
Global Dow	2736.74	3097.28	2998.45	-3.19%	9.56%
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%	2.52%	2.46%	-6 bps	-22 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 trade deficit was \$50.0 billion in March, up \$0.7 billion from February's revised total. March exports were \$2.1 billion more than February exports. Imports in March were \$2.8 billion more than February imports. Year-to-date, the goods and services deficit decreased \$5.8 billion, or 3.7%, from the same period in 2018. Exports increased \$14.0 billion, or 2.3%. Imports increased \$8.2 billion, or 1.1%.
- Consumer prices continued to surge in April. The CPI increased 0.3% for the month following a 0.4% jump in March. Over the last 12 months, the CPI has increased 2.0% — right at the target inflation rate set by the Federal Reserve. As in March, the primary driver of the price increase was attributable to gasoline prices, which rose 5.7% in April, accounting for over two-thirds of the monthly price increase. Consumer prices less food and energy rose a more modest 0.1% for the third consecutive month.
- The Producer Price Index rose 0.2% in April, according to the Bureau of Labor Statistics. Producer prices rose 0.6% in March and 0.1% in February. For the 12 months ended in April, producer prices have risen 2.2%. Producer prices less foods, energy, and trade services moved up 0.4% in April — the largest increase since rising 0.5% in January 2018. Most of the April price increase is attributed to prices for gasoline, which increased 5.9%. Prices for services inched up 0.1% in April after climbing 0.3% in March.
- The federal government deficit increased to \$160,305 billion in April after reaching \$146,945 billion in March. Through the first seven months of the fiscal year the deficit sits at \$530,870 billion, up from the \$385,445

billion deficit over the same period last year.

- According to the latest Job Openings and Labor Turnover (JOLTS) report, the number of job openings increased by 346,000 in March. Job openings increased in a number of industries, with the largest increases in transportation, warehousing, and utilities (87,000), construction (73,000), and real estate and rental and leasing (57,000). Job openings decreased in federal government (15,000). Over the 12 months ended in March, hires totaled 69.3 million and separations totaled 66.6 million, yielding a net employment gain of 2.7 million.
- According to the Department of Labor, there were 228,000 claims for unemployment insurance for the week ended May 4, a decrease of 2,000 from the previous week's level. The advance rate for insured unemployment claims remained at 1.2% for the week ended April 27. The advance number of those receiving unemployment insurance benefits during the week ended April 27 was 1,684,000, an increase of 13,000 from the prior week's level.

Eye on the Week Ahead

Retail sales, which got a boost in March, may see sales pull back a bit in April. The April report on industrial production is out this week. The manufacturing sector has been lagging despite a relatively strong economy over the past few months. Finally, the April report on import and export prices is likely to follow the trend of revealing export prices rising at a faster rate than import prices. The number of hires and separations in March remained relatively the same as in the prior month.

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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