

Capital Asset Management

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Market Week: August 20, 2018



The Markets (as of market close August 17, 2018)

The large caps of the Dow and S&P 500 got a boost from a tentative agreement between the United States and China to settle their trade dispute by November. Strong corporate earnings reports also helped push stocks higher, particularly for the Dow, which rose close to 1.50% by last week's end. The Nasdaq dipped more than a quarter of a percent while the Russell 2000 climbed higher. Long-term bond yields sank as increasing demand pushed prices higher (bond yields and prices move in opposite directions).

The price of crude oil (WTI) fell again last week, closing at \$65.91 per barrel, down from the prior week's closing price of \$67.78 per barrel. The price of gold (COMEX) also dropped last week, closing at \$1,191.20 by early Friday evening, down from the prior week's price of \$1,219.30. The national average retail regular gasoline price fell to \$2.843 per gallon on August 13, 2018, \$0.009 lower than the prior week's price but \$0.459 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 8/17	Weekly Change	YTD Change
DJIA	24719.22	25313.14	25669.32	1.41%	3.84%
Nasdaq	6903.39	7839.11	7816.33	-0.29%	13.22%
S&P 500	2673.61	2833.28	2850.13	0.59%	6.60%
Russell 2000	1535.51	1686.80	1692.95	0.36%	10.25%
Global Dow	3085.41	3046.05	3034.52	-0.38%	-1.65%
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%	2.87%	2.86%	-1 bps	45 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

- Prices for U.S. imports recorded no change in July after edging down 0.1% in June. Higher fuel prices were offset by falling nonfuel prices. U.S. export prices decreased 0.5% in July following a 0.2% increase in June. The July decline was driven by a drop in agricultural export prices.
- In July, retail sales increased 0.5% from June, and are up 6.4% over July 2017. For July, several businesses saw sales enjoy noteworthy increases, including food and beverage stores (0.6%); motor vehicle and parts dealers (1.1%); furniture and home furnishing stores (2.1%); electronics and appliance stores (1.8%); and building material and garden equipment (1.8%). Gasoline stations sales climbed 1.8% for the month and are up 22.2% over the year. Internet sales increased 1.2% in July and are up 8.7% since last July.
- According to the Federal Reserve, industrial production edged up 0.1% in July after rising at an average pace of 0.5% over the previous five months. Manufacturing production increased 0.3%, the output of utilities moved down 0.5%, and, after posting five consecutive months of growth, the index for mining

Key Dates/Data Releases

8/22: Existing home sales

8/23: New home sales

8/24: Durable goods orders

declined 0.3%. Overall, total industrial production was 4.2% higher in July than it was a year earlier.

- The number of building permits and housing starts increased in July, while housing completions lagged. According to the Census Bureau, building permits rose 1.5% above their June rate and are 4.2% greater than the July 2017 rate. Housing starts also expanded by 0.9% for the month. However, starts are still 1.4% below their rate last July. New home inventory won't get much of a boost as housing completions fell 1.7% from June. Completions are 0.8% below their July 2017 pace.
- In the week ended August 11, there were 212,000 initial claims for unemployment insurance, a decrease of 2,000 from the previous week's level, which was revised up by 1,000. The advance rate for insured unemployment claims remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended August 4 was 1,721,000, a decrease of 39,000 from the prior week's level, which was revised up by 5,000.

Eye on the Week Ahead

The latest information on the housing sector is available this week with reports on sales of existing and new homes in July. Housing prices have been rising and inventory is advancing at a snail's pace making for a very slow-moving housing market.

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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