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Prepared for: Our Valuable Clients

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MARKET WEEK: NOVEMBER 18, 2019

**Key
 Dates/Data
 Releases**

**11/19:
 Housing
 starts**

**11/21:
 Existing
 home sales**

The Markets (as of market close November 15, 2019)

The large caps of the Dow and S&P 500 surged last week. The Dow reached 28000 for the first time in its history while the S&P 500 posted solid gains for the sixth consecutive week. Investors continued to be bullish on hopes that a trade deal between the United States and China is on the horizon. The tech stocks of the Nasdaq also climbed last week while the small-cap Russell 2000 and the Global Dow dropped back. Year-to-date, each of the benchmark indexes listed here are well ahead of their 2018 closing values, led by the Nasdaq, which is nearly 30% ahead of last year's ending mark.

Oil prices rose last week, closing at \$57.93 per barrel by late Friday afternoon, up from the prior week's price of \$57.39. The price of gold (COMEX) rebounded last week, closing at \$1,468.70 by late Friday afternoon, up from the prior week's price of \$1,459.20. The national average retail regular gasoline price was \$2.615 per gallon on November 11, 2019, \$0.010 more than the prior week's price but \$0.071 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 11/15	Weekly Change	YTD Change
DJIA	23327.46	27681.24	28004.89	1.17%	20.05%
Nasdaq	6635.28	8475.31	8540.83	0.77%	28.72%

S&P 500	2506.85	3093.08	3120.46	0.89%	24.48%
Russell 2000	1348.56	1598.86	1596.45	-0.15%	18.38%
Global Dow	2736.74	3157.91	3154.39	-0.11%	15.26%
Fed. Funds target rate	2.25%-2.50%	1.50%-1.75%	1.50%-1.75%	0 bps	-75 bps
10-year Treasuries	2.68%	1.93%	1.83%	-10 bps	-85 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 News

- Inflation, as measured by the Consumer Price Index, rose 0.4% in October. However, core prices (less food and energy) inched up 0.2%. After recent monthly declines, energy prices increased 2.7% last month, accounting for more than half of the increase in the overall CPI. Within the energy index, gasoline prices rose 3.7% in October. Food prices rose 0.2%. Over the last 12 months, the CPI has risen 1.8%. Over the same period, core prices are up 2.3%.
- Retail sales rose 0.3% in October and are up 3.1% since October 2018. Last month turned out to be a bounce back for retail sales, which fell 0.3% in September. In October, motor vehicle sales rose 0.5%, gasoline sales climbed 1.1%, and nonstore (online) sales surged 0.9%. On the downside, sales at clothing stores fell 1.0% and furniture store sales dropped 0.9%.
- Producer prices rose 0.4% in October after falling 0.3% in September. Prices are up 1.1% for the 12 months ended in October, the smallest increase since a comparable rise in the 12-month period ended October 2016. Prices for services rose 0.3% last month, boosted by a 0.8% advance in margins for trade services, which measure changes in margins received by wholesalers and retailers. The index for goods advanced 0.7% in October, the largest increase since a 1.0% jump in March. Seventy percent of the October rise in goods is attributable to prices for energy, which moved up 2.8%.
- Both import and export prices fell in October, further evidencing waning global inflation. Import prices dropped 0.5% while export prices dipped 0.1%. For the year, import prices are down 3.0% and export prices are off 2.2%. Driving import prices lower was a 3.7% drop in petroleum prices, which more than offset a 32.0% increase in natural gas prices.

Fuel prices declined 13.7% over the past year. For exports, a 0.6% decline in prices of nonagricultural industrial supplies and materials offset a 1.9% increase in agricultural export prices.

- Manufacturing continues to lag in 2019. The Federal Reserve's industrial production index fell 0.8% in October after dropping 0.3% in September. Manufacturing production decreased 0.6%, primarily due to a 7.1% drop in the output of motor vehicles and parts that resulted from a strike at a major auto manufacturer. The decreases for total industrial production, manufacturing, and motor vehicles and parts were their largest since May 2018, April 2019, and January 2019, respectively. Mining production decreased 0.7%, while utilities output fell 2.6%. Overall, total industrial production was 1.1% lower in October than it was a year earlier.
- The first month of the new fiscal year for the federal government saw October start off with a deficit of \$134.5 billion, 34% higher than the \$100.5 billion deficit the prior October. Government receipts totaled \$245.5 billion, with \$126.4 billion coming from individual income taxes and \$6.6 billion received from corporate income taxes. The federal government spent \$380.0 billion in October, with Social Security (\$89.0 billion), National Defense (\$71.0 billion), and Medicare (\$56.0 billion) accounting for most of the expenditures, as usual.
- For the week ended November 9, there were 225,000 claims for unemployment insurance, an increase of 14,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended November 2. The advance number of those receiving unemployment insurance benefits during the week ended November 2 was 1,683,000, a decrease of 10,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

This week the focus is on the continuing trade negotiations between the United States and China — clearly a market mover. Also, economic reports center on the housing sector, with October housing starts figures as well as the latest on existing home sales.

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.

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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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