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Prepared for: Our Valuable Clients

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MARKET WEEK: JULY 1, 2019

Key Dates/Data Releases

7/1: PMI Manufacturing Index, ISM Manufacturing Index

7/3: International trade, ISM Non-Manufacturing Index

7/5: Employment situation

The Markets (as of market close June 28, 2019)

With a strong close last Friday, stocks recovered most of the losses endured earlier last week. Only the Russell 2000 posted a weekly gain, and has climbed over 16% year-to-date. The other benchmark indexes listed here lost value, but not as much as it could have been. The Dow had the worst week, falling almost 0.50%, followed by the Nasdaq, the S&P 500, and the Global Dow, which fell 0.23%. Investors may be waiting for the meeting between President Trump and Chinese President Xi Jinping at the G20 meeting in Japan, which began late last Friday evening, New York time. The yield on 10-year Treasuries actually dipped below 2.0% earlier last week, ultimately closing at 2.0% by late last Friday. Investors purchased the Treasuries in large volumes, driving prices higher and, correspondingly, yields lower.

Oil prices rose to \$58.16 per barrel by late Friday afternoon, up from the prior week's price of \$57.60. The price of gold (COMEX) continued to climb last week, reaching \$1,413.30 by late Friday afternoon, up from the prior week's price of \$1,402.70. The national average retail regular gasoline price was \$2.654 per gallon on June 24, 2019, \$0.016 lower than the prior week's price and \$0.179 less than a year ago.

| Market/Index | 2018 Close | Prior Week | As of 6/28 | Weekly Change | YTD Change |
|--------------|------------|------------|------------|---------------|------------|
| DJIA | 23327.46 | 26719.13 | 26599.96 | -0.45% | 14.03% |

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|-------------------------------|-------------|-------------|-------------|--------|---------|
| Nasdaq | 6635.28 | 8031.71 | 8006.24 | -0.32% | 20.66% |
| S&P 500 | 2506.85 | 2950.46 | 2941.76 | -0.29% | 17.35% |
| Russell 2000 | 1348.56 | 1549.63 | 1566.57 | 1.09% | 16.17% |
| Global Dow | 2736.74 | 3081.62 | 3074.41 | -0.23% | 12.34% |
| 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% | 2.06% | 2.00% | -6 bps | -68 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 third and final estimate of the first-quarter gross domestic product revealed the economy grew at an annualized rate of 3.1%. The fourth-quarter GDP increased 2.2%. Real gross domestic income increased 1.0% in the first quarter, compared with an increase of 0.5% in the fourth quarter. The average of GDP and GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 2.1% in the first quarter, compared with an increase of 1.3% in the fourth quarter. Consumer spending (personal consumption expenditures) increased only 0.9% after climbing 2.5% in the fourth quarter. On the other hand, nonresidential fixed investment (business spending) grew by 4.4% compared with 2.3% in the fourth quarter.
- Consumer spending fell by 0.2 percentage point in May, coming in at 0.4% compared to April. Personal income and disposable (after-tax) personal income each rose 0.5% in May. Prices for consumer goods and services remained stable in May, rising a scant 0.2%. Consumer prices are up 1.5% for the year — well below the Federal Reserve's 2.0% inflation target.
- Sales of new single-family homes fell 7.8% in May and are 3.7% below the May 2018 estimate. The median sales price of new houses sold in May 2019 was \$308,000. The average sales price was \$377,200. The estimate of new houses for sale at the end of May was 333,000. This represents a supply of 6.4 months at the current sales rate.
- New orders for durable goods fell 1.3% in May, driven down by new orders for transportation equipment, which fell 4.6% (commercial aircraft plummeted by 28.2%). This decrease, down three of the last

four months, followed a 2.8% April decrease. Excluding transportation, new orders increased 0.3%. Excluding defense, new orders decreased 0.6%. Shipments of manufactured durable goods in May, up following two consecutive monthly decreases, increased 0.4%. Business investment perked up in May as new orders for core capital goods (excluding aircraft and defense) increased 0.4%.

- The international trade in goods deficit for May was \$74.5 billion, up \$3.6 billion from April. Exports of goods for May were \$140.2 billion, \$4.1 billion more than April exports. Imports of goods for May were \$214.7 billion, \$7.8 billion more than April imports.
- For the week ended June 22, there were 227,000 claims for unemployment insurance, an increase of 10,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended June 15. The advance number of those receiving unemployment insurance benefits during the week ended June 15 was 1,688,000, an increase of 22,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

This should be a relatively quiet week for stock trading and economic news. The major report out at the end of the week reveals the employment figures for June.

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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