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Prepared for: Our Valuable Clients

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MARKET WEEK: JANUARY 6, 2020

Key Dates/Data Releases

1/7: International trade in goods and services, ISM Non-Manufacturing Index

1/10: Employment situation

The Markets (as of market close January 3, 2020)

A strong start last week for the benchmark indexes listed here was wiped out by rising tensions in the Middle East. Only the Nasdaq was able to close slightly higher last week as the other benchmark indexes listed here closed the week in the red. Both the Dow and S&P 500 lost value, as did the Global Dow. The small caps of the Russell 2000 had the worst week-over-week performance, falling about 0.50%. On the other hand, oil, gold, and 10-year Treasuries pushed higher last week.

Oil prices continued to climb last week, closing at \$63.05 per barrel by late Friday afternoon, up from the prior week's price of \$61.72. The price of gold (COMEX) rose higher last week, closing at \$1,553.30 by late Friday afternoon, up from the prior week's price of \$1,515.60. The national average retail regular gasoline price was \$2.571 per gallon on December 30, 2019, \$0.039 more than the prior week's price and \$0.305 more than a year ago.

Market/Index	2019 Close	Prior Week	As of 1/3	Weekly Change	YTD Change
DJIA	28538.44	28645.26	28634.88	-0.04%	0.34%
Nasdaq	8972.60	9006.62	9020.77	0.16%	0.54%
S&P 500	3230.78	3240.02	3234.85	-0.16%	0.13%

Russell 2000	1668.47	1669.03	1660.87	-0.49%	-0.46%
Global Dow	3251.24	3265.24	3258.76	-0.20%	0.23%
Fed. Funds target rate	1.50%-1.75%	1.50%-1.75%	1.50%-1.75%	0 bps	0 bps
10-year Treasuries	1.91%	1.87%	1.78%	-9 bps	-13 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

- The international trade deficit came in at a three-year low in November at \$63.2 billion, down \$3.6 billion from the \$66.8 billion deficit in October. Exports of goods for November were \$136.4 billion, \$0.9 billion more than October exports. Imports of goods for November were \$199.6 billion, \$2.7 billion less than October imports.
- Purchasing managers remained guarded in their assessment of the manufacturing sector in December. According to the latest report from Markit, the IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.4 in December, down slightly from 52.6 in November. IHS Markit Chief Business Economist Chris Williamson indicated that, while manufacturing continues to recover from a weak summer, overall expansion in that sector remains well below that seen this time last year. Williamson also noted that the impact of tariffs has pushed prices higher, softened business confidence, and curtailed hiring.
- Purchasing manager respondents to the Institute for Supply Management survey were more reticent about the manufacturing sector than those who responded to the Markit survey. According to the December ISM® report, manufacturing contracted last month as the purchasing managers index registered 47.2%, 0.9 percentage point below November's reading. December's decline marks the fifth straight month of contraction in the manufacturing sector. In addition, new orders, supplier deliveries, new export orders, employment, and production contracted in December. Only imports, prices, and backlog of orders expanded last month.
- For the week ended December 28, there were 222,000 claims for unemployment insurance, a decrease of 2,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended December 21. The

advance number of those receiving unemployment insurance benefits during the week ended December 21 was 1,728,000, an increase of 5,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

The major economic report out this week covers December's employment figures. This report will cap off a solid year for job hirings, although wage growth has been moderate. Also, the trade report for November is available this week. The trade deficit was over \$47 billion in October, and has been narrowing over the past few months. Year-to-date (through October 2019), however, the trade deficit has increased by \$6.9 billion, or 1.3% from the same period in 2018.

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. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: 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). 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. 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.

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