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Market Week: October 21, 2019



The Markets (as of market close October 18, 2019)

For the second week in a row, each of the benchmark indexes listed here (except for the Dow) posted gains last week. Stocks got a boost from some strong third-quarter earnings reports as several large financial institutions recorded strong earnings. The S&P 500 came close to reaching its record high earlier in the week, while the small caps of the Russell 2000 surged ahead by more than 1.50%. Long term Treasuries saw yields fall slightly as prices inched up on news of another stalemate on new attempts to reach a Brexit accord and weak U.S. retail figures.

Oil prices dropped last week, closing at \$53.71 per barrel by late Friday afternoon, down from the prior week's price of \$54.77. The price of gold (COMEX) rose last week, closing at \$1,493.60 by late Friday afternoon, up from the prior week's price of \$1,491.70. The national average retail regular gasoline price was \$2.629 per gallon on October 14, 2019, \$0.016 less than the prior week's price and \$0.250 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 10/18	Weekly Change	YTD Change
DJIA	23327.46	26816.59	26770.20	-0.17%	14.76%
Nasdaq	6635.28	8057.04	8089.54	0.40%	21.92%
S&P 500	2506.85	2970.27	2986.20	0.54%	19.12%
Russell 2000	1348.56	1511.90	1535.48	1.56%	13.86%
Global Dow	2736.74	3021.17	3048.36	0.90%	11.39%
Fed. Funds target rate	2.25%-2.50%	1.75%-2.00%	1.75%-2.00%	0 bps	-50 bps
10-year Treasuries	2.68%	1.75%	1.74%	-1 bps	-94 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

- Retail sales fell 0.3% in September after climbing 0.6% in August. However, retail sales are up 4.1% over September 2018. Retail trade sales were also down 0.3% for September, as were online sales (nonstore retail). For September, sales grew in clothing and clothing accessories (1.3%) and furniture and home furnishing store (0.6%). Notable decreases were seen in sales for building material and garden equipment and supplies dealers (-1.0%), motor vehicle and parts dealers (-0.9%), and department stores (-1.4%). This report shows consumer spending cooled in September, which may be due to uncertainty about the economy moving forward.
- Industrial production fell 0.4% in September after vaulting 0.8% in August, according to the latest report from the Federal Reserve. Total industrial production is 0.1% lower in September than it was a year earlier. Manufacturing dropped 0.5% last month following a 0.6% bump in August. According to the report, manufacturing output was reduced by a strike at a major manufacturer of motor vehicles.

Key Dates/Data Releases
10/22: Existing home sales
10/24: Durable goods orders, new home sales

Excluding motor vehicles and parts, manufacturing slipped 0.2%. Mining plummeted 1.3%, while utilities jumped 1.4% in September. This report highlights the impact weakening demand for U.S. exports is having on manufacturing.

- Residential construction could be in for a slowdown in the fall. Building permits for residential housing fell 2.7% in September after climbing in August. Housing starts also plummeted 9.4% last month, while home completions plunged 9.7%. On the plus side, building permits for single-family homes climbed 0.8% in September and single-family housing starts inched up 0.3%. On the other hand, single-family home completions decreased 8.6% from their August totals.
- For the week ended October 12, there were 214,000 claims for unemployment insurance, an increase of 4,000 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 October 5. The advance number of those receiving unemployment insurance benefits during the week ended October 5 was 1,679,000, a decrease of 10,000 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. Sales of existing homes got a much needed boost in August, while new home sales continued to surge. Also out this week is the September report on durable goods orders. New orders have risen 3 consecutive months, but are still down 0.4% over the past 12 months ended in August.

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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