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# Market Week: November 26, 2018

## The Markets (as of market close November 23, 2018)

Trading volume may have been slower than usual during the Thanksgiving holiday week, but that didn't stop the downward spiral for stocks. Tumbling oil prices, which fell to their lowest levels in over a year, pulled energy shares downward and raised fears of an economic slowdown. Each of the benchmark indexes listed here fell sharply last week, headed by the Dow, followed closely by the Nasdaq. As stocks regularly hit new highs earlier in the year, pushing values higher than their 2017 closing marks, all of those gains have frittered away these past few months. Of the indexes listed here, only the Nasdaq is still ahead of its 2017 year-end price — but only barely. Each of the other indexes have fallen notably below last year's respective values.

Oil prices continued to fall, plummeting to \$50.39 per barrel by late Friday, down from the prior week's closing price of \$56.77 per barrel. The price of gold (COMEX) gained for the second week in a row, climbing to \$1,223.40 by Friday evening, up from the prior week's price of \$1,221.70. The national average retail regular gasoline price was \$2.611 per gallon on November 19, 2018, \$0.075 lower than the prior week's price but \$0.043 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 11/23	Weekly Change	YTD Change
<b>DJIA</b>	24719.22	25413.22	24285.95	-4.44%	-1.75%
<b>Nasdaq</b>	6903.39	7247.87	6938.98	-4.26%	0.52%
<b>S&amp;P 500</b>	2673.61	2736.27	2632.56	-3.79%	-1.54%
<b>Russell 2000</b>	1535.51	1527.53	1488.68	-2.54%	-3.05%
<b>Global Dow</b>	3085.41	2925.22	2852.37	-2.49%	-7.55%
<b>Fed. Funds target rate</b>	1.25%-1.50%	2.00%-2.25%	2.00%-2.25%	0 bps	75 bps
<b>10-year Treasuries</b>	2.41%	3.06%	3.03%	-3 bps	62 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 pace of home building picked up in October, but applications for building permits and home completions each fell below their respective September rates. Applications for building permits were 0.6% below their September pace, while home completions dropped 3.3% from their September estimate. On the other hand, housing starts were 1.5% above their September figures, which should add to new home inventory for November. A comparison of year-on-year rates shows how much the housing sector has slowed. Building permits are down 6.0% from October 2017, housing starts are off by 2.9%, and housing completions are 6.5% below last year's pace.
- For the first time in seven months, sales of existing homes expanded. Total existing home sales increased 1.4% in October from September, yet are still down 5.1% compared to a year ago. The

**Key Dates/Data Releases**

**11/28: GDP, international trade in goods, new home sales**

**11/29: Personal income and outlays**

median existing-home price in October was \$255,400, which is down from September's price of \$256,900 but up from the October 2017 price (\$246,000). Total housing inventory at the end of October decreased from 1.88 million in September to 1.85 million existing homes available for sale, representing a 4.3-month supply at the current sales pace.

- New orders for durable goods fell for the third time in the last four months in October. New orders dropped 4.4% from September. Transportation equipment, down 12.2% following two consecutive monthly increases, drove the decrease. Excluding transportation, new orders increased 0.1%. Shipments of durable goods decreased 0.6% in October, while unfilled orders declined 0.2% following eight consecutive monthly increases. Inventories, down two of the last three months, were virtually unchanged from September.
- For the week ended November 17, the advance figure for seasonally adjusted initial claims for unemployment insurance was 224,000, an increase of 3,000 from the previous week's level, which was revised up by 5,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended November 10. The advance number of those receiving unemployment insurance benefits during the week ended November 10 was 1,668,000, a decrease of 2,000 from the prior week's level, which was revised down by 6,000.

## Eye on the Week Ahead

The last week of the month offers several important economic reports, including the second report on gross domestic product for the third quarter. The initial report showed the economy grew at an annual rate of 3.5%. With consumer spending continuing to show strength, the GDP is not expected to vary significantly from last month's growth rate.

*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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