

Market Week: July 9, 2018



The Markets (as of market close July 6, 2018)

A positive labor report may have been enough to offset investor concerns about the tit-for-tat tariff war between the United States and its trade partners as stocks posted positive returns by last week's end. Trading volumes were relatively light, as expected, during the holiday-shortened week. As has been the case for much of the year, the tech-heavy Nasdaq and the small caps of the Russell 2000 enjoyed the largest weekly gains, followed by the large caps of the S&P 500, the Global Dow, and the Dow.

The price of crude oil (WTI) dipped last week, closing at \$73.92 per barrel, down from the prior week's closing price of \$74.25 per barrel. The price of gold (COMEX) rose slightly to \$1,255.90 by early Friday evening, ahead of the prior week's price of \$1,254.20. The national average retail regular gasoline price climbed to \$2.844 per gallon on July 2, 2018, \$0.011 higher than the prior week's price and \$0.584 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 7/6	Weekly Change	YTD Change
DJIA	24719.22	24271.41	24456.48	0.76%	-1.06%
Nasdaq	6903.39	7510.30	7688.39	2.37%	11.37%
S&P 500	2673.61	2718.37	2759.82	1.52%	3.22%
Russell 2000	1535.51	1643.07	1694.05	3.10%	10.32%
Global Dow	3085.41	2979.52	3007.63	0.94%	-2.52%
Fed. Funds target rate	1.25%-1.50%	1.75%-2.00%	1.75%-2.00%	0 bps	50 bps
10-year Treasuries	2.41%	2.86%	2.82%	-4 bps	41 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

- Employment increased by 213,000 in June, while the unemployment rate rose 0.2 percentage point to 4.0%, as more people were looking to enter the job market. Labor growth occurred in professional and business services, manufacturing, and health care, while retail trade lost jobs. The number of unemployed persons increased by 499,000 to 6.6 million. Still, a year earlier, the jobless rate was 4.3%, and the number of unemployed persons was 7.0 million. The average workweek for all employees was unchanged at 34.5 hours in June. Average hourly earnings for all employees rose by \$0.05 to \$26.98. Over the year, average hourly earnings have increased by \$0.72, or 2.7%.
- The final figures for May are in and the trade deficit for goods and services was \$43.1 billion, down \$3.0 billion from April's deficit. Imports increased marginally (0.4%), while exports expanded by 1.9% over April. Year-to-date, the goods and services deficit increased \$17.9 billion, or 7.9%, from the same period in 2017. Exports increased \$84.5 billion, or 8.8%. Imports increased \$102.4 billion, or 8.6%. This report does not reflect the impact, if any, of the trade tariffs imposed in June and July between the United

Key Dates/Data Releases

7/10: JOLTS

7/11: Producer Price Index

7/12: Consumer Price Index,
Treasury budget

7/13: Import and export
prices

States and many of its trade partners.

- Depending on which survey you read, economic activity in the manufacturing sector may have expanded in June. According to the survey from the Institute for Supply Management®, overall manufacturing increased over May. While new orders, employment, and prices fell slightly, production, inventories, and supplier deliveries increased over their May figures.
- On the other hand, the IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ for June showed the overall rate of growth in the manufacturing sector dipped to its lowest rate in four months. According to survey respondents, the effects of tariffs were widely cited as contributing to another sharp rise in input prices. New orders fell, with new business from abroad contracting for the first time since July 2017.
- According to the latest Non-Manufacturing ISM® Report On Business®, economic activity advanced in the non-manufacturing (services) sector in June over May. Business activity and new orders increased, while employment and prices decreased. According to the report, 17 non-manufacturing industries reported growth for the month.
- In the week ended June 30, there were 231,000 initial claims for unemployment insurance, an increase of 3,000 from the previous week's level, which was revised up 1,000. The advance insured unemployment rate remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended June 23 was 1,739,000, an increase of 32,000 from the prior week's level, which was revised up by 2,000.

Eye on the Week Ahead

The latest information on inflationary trends is available next week. June reports on both consumer and producer prices are expected to show continuing upward movement, which could provide the Fed with the impetus to raise interest rates 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.

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