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Market Week: October 16, 2017

The Markets (as of market close October 13, 2017)

Each of the benchmark indexes listed here posted gains by last week's end, except for the Russell 2000, which fell 0.50%. The large caps of the Dow and S&P 500 enjoyed moderate increases, as did the Global Dow, which gained the most last week. Most impressively, the Nasdaq ended the week at a new all-time record. While equities marginally increased in value, investors favored gold and long-term bonds, both of which saw prices rise.

The price of crude oil (WTI) rose to \$51.37 per barrel last Friday, up from the prior week's closing price of \$49.25 per barrel. The price of gold (COMEX) climbed to \$1,305.60 by early Friday evening, an increase over the prior week's price of \$1,278.90. The national average retail regular gasoline price decreased to \$2.504 per gallon on October 9, 2017, \$0.061 lower than the prior week's price but \$0.232 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 10/13	Weekly Change	YTD Change
DJIA	19762.60	22773.67	22871.72	0.43%	15.73%
Nasdaq	5383.12	6590.18	6605.80	0.24%	22.71%
S&P 500	2238.83	2549.33	2553.17	0.15%	14.04%
Russell 2000	1357.13	1510.22	1502.66	-0.50%	10.72%
Global Dow	2528.21	2929.76	2955.99	0.90%	16.92%
Fed. Funds target rate	0.50%-0.75%	1.00%-1.25%	1.00%-1.25%	0 bps	50 bps
10-year Treasuries	2.44%	2.35%	2.27%	-8 bps	-17 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

- Inflationary pressure may be gaining some traction, but only minimally. The Consumer Price Index rose 0.5% in September, largely due to a 13.1% increase in the gasoline index. Over the last 12 months, the CPI has risen 2.2%. Core prices, less food and energy, increased a slight 0.1% in September. For the 12 months ended in September, the core CPI is up 1.7%.
- Retail food and service sales increased 1.6% in September after falling 0.1% in August. Vehicle sales (3.6%) and gasoline sales (5.8%) contributed to the overall retail sales price increase. Retail prices, less auto and gas, increased 0.5% for the month. For the 12 months ended in September, retail sales have increased 4.4%.
- The prices producers receive for goods and services advanced 0.4% in September after moving up 0.2% in August. For the 12 months ended in September, producer prices have increased 2.6%, the largest rise since a 2.8% increase for the 12 months ended February 2012. Prices for services climbed 0.4% and prices for goods rose 0.7%. Over 80% of the September advance for goods prices can be



Key Dates/Data Releases

10/17: Industrial production, import and export prices

10/18: Housing starts

10/20: Existing home sales

traced to rising energy prices (particularly gas prices), which climbed 3.4%. Higher energy prices were likely the result of reduced refining capacity in the Gulf Coast area due to Hurricane Harvey. Adding some perspective, prices less foods, energy, and trade services increased 0.2% in September, the same as in August.

- According to the Bureau of Labor Statistics, the number of job openings decreased slightly in August, falling to 6.08 million from July's 6.14 million. Job openings increased in health care and social assistance (+71,000) and in durable goods manufacturing (+31,000), and dropped in other services (-95,000), educational services (-51,000), and nondurable goods manufacturing (-48,000). Total hires declined from 5.52 million in July to 5.43 million in August, while total separations fell to 5.23 million from July's total of 5.36 million. Over the 12 months ended in August, hires totaled 63.8 million and separations totaled 61.7 million, yielding a net employment gain of 2.1 million.
- In the week ended October 7, the advance figure for initial claims for unemployment insurance was 243,000, a decrease of 15,000 from the previous week's level, which was revised down by 2,000. The advance insured unemployment rate dropped slightly to 1.3%. The advance number of those receiving unemployment insurance during the week ended September 30 was 1,889,000, a decrease of 32,000 from the previous week's revised level. This is the lowest level for insured unemployment since December 29, 1973, when it was 1,805,000.

Eye on the Week Ahead

Trading volume should pick up following the Columbus Day week. Hurricane Harvey affected industrial production in August. September's report should reflect the impact, if any, of Hurricane Irma on industrial production in September. The latest report on existing home sales is available at the end of the week, followed by September's new home sales figures, which come out next week.

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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