

Market Week: February 26, 2018



The Markets (as of market close February 23, 2018)

For the second week in a row, stocks closed the week ahead. Each of the benchmark indexes listed here ended the holiday-shortened week with marginal gains, led by the Nasdaq, which climbed 1.35%. While equities may have advanced modestly, volatility was prevalent during the week, as investors may be concerned that rising inflation will prompt the Federal Reserve to increase interest rates next month.

The price of crude oil (WTI) continued to climb last week, closing at \$63.57 per barrel early Friday evening, up from the prior week's closing price of \$61.67 per barrel. The price of gold (COMEX) fell last week to \$1,330.70 by early Friday evening, down from the prior week's price of \$1,350.40. The national average retail regular gasoline price decreased for the second week in a row to \$2.557 per gallon on February 19, 2018, \$0.050 lower than the prior week's price but \$0.255 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 2/23	Weekly Change	YTD Change
DJIA	24719.22	25219.38	25309.99	0.36%	2.39%
Nasdaq	6903.39	7239.47	7337.39	1.35%	6.29%
S&P 500	2673.61	2732.22	2747.30	0.55%	2.76%
Russell 2000	1535.51	1543.55	1549.19	0.37%	0.89%
Global Dow	3085.41	3144.75	3152.06	0.23%	2.16%
Fed. Funds target rate	1.25%-1.50%	1.25%-1.50%	1.25%-1.50%	0 bps	0 bps
10-year Treasuries	2.41%	2.87%	2.86%	-1 bps	45 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

- Home sales have slowed over the winter months, as existing home sales fell 3.2% in January following a 3.6% drop in December. According to the National Association of Realtors®, sales of existing homes are 4.8% below a year ago, which is the largest annual decline since August 2014. The NAR suggests that a lack of inventory has driven prices higher, pushing some potential buyers out of the market. Nevertheless, total housing inventory at the end of January rose 4.1%, which is still 9.5% lower than a year ago. Unsold inventory is at a 3.4-month supply (3.6 months a year ago). The median existing-home price for all housing types in January was \$240,500, up 5.8% from January 2017 (\$227,300).
- In the week ended February 17, there were 222,000 initial claims for unemployment insurance, a decrease of 7,000 from the previous week's level, which was revised down by 1,000. The advance insured unemployment rate slipped to 1.3% for the week ended February 10. The advance number of those receiving unemployment insurance benefits during the week ended February 10 was 1,875,000, a decrease of 73,000 from the prior week's level, which was revised up 6,000.

Key Dates/Data Releases

2/26: New home sales

2/27: Durable goods orders, international trade in goods, consumer confidence

2/28: GDP

3/1: Personal income and outlays, PMI Manufacturing Index, ISM Manufacturing Index

Eye on the Week Ahead

The week opens with the January report on new home sales, which slid in December. The second report on the fourth-quarter gross domestic product is out mid-week. The first installment showed annualized economic growth at 2.6%, with consumer spending up a strong 3.8%. This week's report is based on more detailed information and may change noticeably from last month's account.

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