

Market Week: December 11, 2017

The Markets (as of market close December 8, 2017)

Last week proved to be a mixed bag of market returns as the large caps of the Dow and S&P 500 posted moderate gains, while the tech-heavy Nasdaq and small caps of the Russell 2000 closed the week down. A stronger than expected jobs report may have helped push the Dow and S&P 500 to positive territory by last Friday. Global stocks climbed on news of an agreement between the UK and the European Union, which will allow negotiations on other issues, such as a trade agreement, to move forward.

The price of crude oil (WTI) fell to \$57.34 per barrel last Friday, down from the prior week's closing price of \$58.34 per barrel. The price of gold (COMEX) fell to \$1,250.50 by early Friday evening, down from the prior week's price of \$1,283.00. The national average retail regular gasoline price decreased to \$2.500 per gallon on December 4, 2017, \$0.033 lower than the prior week's price but \$0.292 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 12/8	Weekly Change	YTD Change
DJIA	19762.60	24231.59	24329.16	0.40%	23.11%
Nasdaq	5383.12	6847.59	6840.08	-0.11%	27.07%
S&P 500	2238.83	2642.22	2651.50	0.35%	18.43%
Russell 2000	1357.13	1537.02	1521.72	-0.99%	12.13%
Global Dow	2528.21	3007.96	3015.17	0.24%	19.26%
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%	2.36%	2.37%	1 bps	-7 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

- November provided another strong month for new job hires, according to the latest report from the Bureau of Labor Statistics. Employment increased by 228,000 last month. Employment growth has averaged 174,000 per month thus far this year. Employment continued to trend up in professional and business services, manufacturing, and health care. The unemployment rate remained at 4.1%, and the number of unemployed persons was essentially unchanged at 6.6 million. The average workweek for all employees increased by 0.1 hour to 34.5 hours in November. The average hourly earnings for all employees rose by \$0.05 to \$26.55. Over the year, average hourly earnings have risen by \$0.64, or 2.5%.
- According to the Census Bureau, the international trade deficit increased \$3.8 billion to \$48.7 billion in October over September. The October increase in the goods and services deficit reflected an increase in the goods deficit of \$3.8 billion to \$69.1 billion and a decrease in the services surplus of less than \$0.1 billion to \$20.3 billion. Year-to-date, the goods and services deficit increased \$49.1 billion, or 11.9%, from the same period in 2016.



Key Dates/Data Releases

12/11: JOLTS

12/12: Producer Price Index, Treasury budget

12/13: Consumer Price Index, FOMC statement

12/14: Retail sales, import and export prices

12/15: Industrial production

- The non-manufacturing (services) sector accelerated in November, but at a slower pace than in October. According to the Institute for Supply Management, the pace of growth slowed in business activity, new orders, employment, and prices.
- In the week ended December 2, the advance figure for initial claims for unemployment insurance was 236,000, a decrease of 3,000 from the previous week's level. The advance insured unemployment rate remained at 1.4%. The advance number of those receiving unemployment insurance benefits during the week ended November 25 was 1,908,000, a decrease of 52,000 from the previous week's level, which was revised up 3,000.

Eye on the Week Ahead

This week, the Federal Open Market Committee formally meets for the final time in 2017 under chairperson Janet Yellen. Some observers predict the FOMC will raise the federal funds rate by 25 basis points to a range of 1.25%-1.50%. The target range hasn't reached 1.50% since the end of October 2008.

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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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