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Market Week: May 21, 2018

The Markets (as of market close May 18, 2018)

Small and mid caps outperformed large caps during moderate trading last week. Both the Dow and S&P 500 closed the week down around 0.5%, while the Nasdaq fell a bit more. The small caps of the Russell 2000 posted notable weekly gains and edged closer to the Nasdaq in year-to-date performance. While investors may have moved away from stocks last week, they didn't necessarily put their money in long-term bonds, as prices fell and yields climbed higher. The yield on the 10-year Treasury note reached 3.12% last Thursday — a seven-year high.

The price of crude oil (WTI) rose again last week, closing at \$71.40 per barrel, up from the prior week's closing price of \$70.58 per barrel. The price of gold (COMEX) fell to \$1,292.50 by early Friday evening, down from the prior week's price of \$1,319.50. The national average retail regular gasoline price increased to \$2.873 per gallon on May 14, 2018, \$0.028 higher than the prior week's price and \$0.501 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 5/18	Weekly Change	YTD Change
DJIA	24719.22	24831.17	24715.09	-0.47%	-0.02%
Nasdaq	6903.39	7402.88	7354.34	-0.66%	6.53%
S&P 500	2673.61	2727.72	2712.97	-0.54%	1.47%
Russell 2000	1535.51	1606.79	1626.63	1.23%	5.93%
Global Dow	3085.41	3108.41	3086.05	-0.72%	0.02%
Fed. Funds target rate	1.25%-1.50%	1.50%-1.75%	1.50%-1.75%	0 bps	25 bps
10-year Treasuries	2.41%	2.96%	3.05%	9 bps	64 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

- Retail sales of consumer goods and services increased 0.3% in April, and are up 4.7% over the past 12 months. April's gain follows an 0.8% price jump in March. For April, gasoline station sales were up 0.8% and have advanced 11.7% over the year. Nonstore (internet) sales climbed 0.6% in April and are up 9.6% over the past 12 months. Clothing store sales enjoyed notable increases — 1.4% for the month and 4.1% for the year.
- The number of building permits and housing starts fell in April from March, but housing completions increased. Building permits issued for privately owned housing units (all housing types) were 1.8% lower in April, but are 7.7% ahead of their April 2017 rate. Single-family permits actually increased by 0.9% for the month. Housing starts in April were 3.7% below their March rate, although single-family starts were 0.1% ahead of March. While April's housing completions were 2.8% above their March rate, single-family completions in April fell 4.0% below their March level, which won't help the already strained



Key Dates/Data Releases

5/23: New home sales

5/24: Existing home sales

5/25: Durable goods orders

inventory of new homes for sale.

- Industrial production rose 0.7% in April, according to the Federal Reserve report. This marks the third consecutive monthly increase. Over the last 12 months, industrial production has increased 3.5%. In April, manufacturing increased 0.5%, mining gained 1.1%, and utilities climbed 1.9%. Capacity utilization for the industrial sector climbed 0.4 percentage point in April. Through the early part of 2018, manufacturing looks to be a positive contributor to this year's economic growth.
- In the week ended May 12, there were 222,000 initial claims for unemployment insurance, an increase of 11,000 from the previous week's level. The advance insured unemployment rate once again fell 0.1 percentage point to 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended May 5 was 1,707,000, a decrease of 87,000 from the prior week's level, which was revised up by 4,000. This is the lowest level for insured unemployment since December 1, 1973, when it was 1,692,000.

Eye on the Week Ahead

The housing market rebounded in March as both new and existing home sales experienced positive growth over the prior month. The residential sales figures for April are out this week and will certainly be impacted by scant inventory. March also was a good month for durable goods, as new orders increased by 2.6%. April's information should prove similarly positive.

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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