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Market Week: May 29, 2018

The Markets (as of market close May 25, 2018)

Domestic indexes rose last week despite sinking energy stocks and ongoing geopolitical uncertainties. Oil prices plunged, pulling energy shares down following indications that OPEC was planning to increase production. President Trump's cancellation of the summit with North Korea coincided with a sharp drop in stocks earlier in the week. Uncertainty over the course of trade negotiations between the United States and China may have added to a lukewarm response to equities from investors. In any case, the large caps of the S&P 500 and the Dow posted marginal gains. The Nasdaq recorded the largest weekly gains, while continuing to lead the year-to-date tally.

The price of crude oil (WTI) fell for the first time in several weeks, closing at \$67.50 per barrel, down from the prior week's closing price of \$71.40 per barrel. The price of gold (COMEX) increased to \$1,306.50 by early Friday evening, up from the prior week's price of \$1,292.50. The national average retail regular gasoline price increased to \$2.923 per gallon on May 21, 2018, \$0.050 higher than the prior week's price and \$0.524 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 5/25	Weekly Change	YTD Change
DJIA	24719.22	24715.09	24753.09	0.15%	0.14%
Nasdaq	6903.39	7354.34	7433.85	1.08%	7.68%
S&P 500	2673.61	2712.97	2721.33	0.31%	1.78%
Russell 2000	1535.51	1626.63	1626.93	0.02%	5.95%
Global Dow	3085.41	3086.05	3047.11	-1.26%	-1.24%
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%	3.05%	2.92%	-13 bps	51 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

- New home sales fell 1.5% in April from a downwardly revised March total. Inventory of available new homes for sale increased slightly from 5.3 months to 5.4 months. The median sales price of new houses sold in April 2018 was \$312,400 (\$335,400 in March). The average sales price was \$407,300 (\$366,000 in March).
- Sales of existing homes, like new home sales, fell in April. Total existing-home sales of all residential types fell 2.5% for the month and are 1.4% below their pace a year ago. A lack of available listings continues to hinder existing home sales. Total housing inventory at the end of April increased 9.8% to 1.80 million existing homes available for sale, but is still 6.3% lower than a year ago (1.92 million) and has fallen year-over-year for 35 consecutive months. Unsold inventory is at a 4.0-month supply at the current sales pace (4.2 months a year ago). The median existing-home price for all housing types in



Key Dates/Data Releases

5/29: Consumer confidence

5/30: GDP, international trade in goods

5/31: Personal income and outlays

6/1: Employment situation, PMI Manufacturing Index, ISM Manufacturing Index

April was \$257,900 (\$250,400 in March), up 5.3% from April 2017 (\$245,000).

- Orders for manufactured durable goods fell 1.7% in April following a 2.7% jump in March. But excluding transportation, which drove the April decrease, new orders increased 0.9% last month. Transportation equipment hindered shipments of durable goods, which decreased 0.1% in April. On the plus side, inventories (0.3%) and unfilled orders (0.5%) each posted gains last month.
- In the week ended May 19, there were 234,000 initial claims for unemployment insurance, an increase of 11,000 from the previous week's level, which was revised up by 1,000. The advance insured unemployment rate remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended May 12 was 1,741,000, an increase of 29,000 from the prior week's level, which was revised up by 5,000.

Eye on the Week Ahead

The final week of May brings with it the second release of the first-quarter gross domestic product, which grew at an annualized rate of 2.3% following the initial report in April. The personal income and outlays report for April should show continued gains in consumer income and spending, but only marginal increase in prices. The week closes with the May employment figures. Job growth has been steady, but not so much for wages.

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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