



## Premia Global Advisors

Miguel Sosa  
Founding Partner  
2600 South Douglas Road  
Suite 1103  
Coral Gables, FL 33134  
786-646-9141  
msosa@premiaglobaladvisors.com  
www.premiaglobaladvisors.com



**P R E M I A**  
GLOBAL ADVISORS

A Wealth of Advice

# Market Week: December 24, 2018

## The Markets (as of market close December 21, 2018)

The tech-heavy Nasdaq had been the only benchmark index to have exceeded its 2017 closing value. That is no longer the case, as an 8.36% drop last week put the Nasdaq more than 8.0% below its value at the end of last year and firmly in bear market territory. Investors saw the potential of a federal government shutdown and an implied warning from the Federal Reserve that the economy may be slowing as reason to seek shelter from stocks. Besides the Nasdaq, each of the other benchmark indexes listed here suffered large weekly losses, led by the small caps of the Russell 2000, followed by the large caps of the S&P 500 and the Dow. The Global Dow fell "only" 4.86% and is over 13% below its 2017 year-end value.

Oil prices plummeted last week, closing at \$45.42 per barrel by late Friday, down from the prior week's closing price of \$51.16 per barrel. The price of gold (COMEX) increased last week, closing at \$1,259.10 by last Friday evening, up from the prior week's price of \$1,242.20. The national average retail regular gasoline price was \$2.369 per gallon on December 17, 2018, \$0.052 lower than the prior week's price and \$0.081 less than a year ago.

Market/Index	2017 Close	Prior Week	As of 12/21	Weekly Change	YTD Change
<b>DJIA</b>	24719.22	24100.51	22445.37	-6.87%	-9.20%
<b>Nasdaq</b>	6903.39	6910.66	6332.99	-8.36%	-8.26%
<b>S&amp;P 500</b>	2673.61	2599.95	2416.62	-7.05%	-9.61%
<b>Russell 2000</b>	1535.51	1410.81	1292.09	-8.42%	-15.85%
<b>Global Dow</b>	3085.41	2813.48	2676.76	-4.86%	-13.24%
<b>Fed. Funds target rate</b>	1.25%-1.50%	2.00%-2.25%	2.25%-2.50%	25 bps	100 bps
<b>10-year Treasuries</b>	2.41%	2.89%	2.78%	-11 bps	37 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

- The final estimate for the third-quarter gross domestic product showed the economy grew at an annual rate of 3.4%. This estimate is 0.1 percentage point below the second estimate, as personal consumption expenditures and exports were revised down and private inventory investment was revised up. The GDP increased 4.2% in the second quarter. Gross domestic income (the sum of all income earned and costs incurred while producing goods and services) increased 4.3% in the third quarter, compared with an increase of only 0.9% in the second quarter. Growth in consumer spending, which accounts for about two-thirds of the total economic output, grew at a rate of 3.5% in the latest estimate, down from the prior estimate of 3.6%. Also of note, exports, which add to the GDP, fell 4.9% in this estimate, compared to a decline of 4.4% in the prior estimate. Imports, which subtract from the GDP, rose 9.3%.
- Citing strength in the labor market and rising economic activity, the Federal Reserve raised the target

## Key Dates/Data Releases

12/27: New home sales

12/28: International trade in goods

range for the federal funds rate 25 basis points to 2.25%-2.50%. This is the highest range since the spring of 2008. The Fed also modified its projection for future rate adjustments, now calling for two rate hikes in 2019, down from three such hikes as previously contemplated.

- Consumer spending increased 0.4% in November following an 0.8% rise in October. Both pre-tax and after-tax personal income rose 0.2% in November after increasing 0.5% the prior month. Prices for consumer goods and services advanced a marginal 0.1% in November and are up 1.8% from November 2017 — below the Fed's 2.0% inflation target rate.
- New orders for manufactured durable goods increased 0.8% in November following a 4.3% advance in October. Transportation equipment, up three of the last four months, drove the increase, jumping up 2.9%. Excluding transportation, new orders decreased 0.3% for November.
- In a sign that the housing market finally may be picking up steam, November saw a 5.0% increase in building permits over October's total. Housing starts (3.2%) and housing completions (0.4%) also improved last month over October.
- Sales of existing homes increased for the second month in a row after expanding by 1.9% in November over the prior month's mark. Existing home sales are still off by 7.0% from a year ago. The median existing-home price in November was \$257,700, up 4.2% from November 2017 (\$247,200). The median existing-home price in October was \$255,400. However, total inventory decreased to 1.74 million, down from 1.85 million existing homes available for sale in October. Unsold inventory is at a 3.9-month supply at the current sales pace, down from 4.3 last month and up from 3.5 months a year ago.
- For the week ended December 15, there were 214,000 new claims for unemployment insurance, an increase of 8,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended December 8. The advance number of those receiving unemployment insurance benefits during the week ended December 8 was 1,688,000, an increase of 27,000 from the prior week's level.

## Eye on the Week Ahead

The Christmas holiday week is a slow one for economic reports. The November report on the goods trade deficit is expected to show an expansion of the difference between the value of imports and exports. Also, the November figures on new home sales are out this week. No significant change is expected in what has been a mundane housing market for much of the year.

*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.*

---

## IMPORTANT DISCLOSURES

Premia Global Advisors LLC ("Premia") is a U.S. Securities and Exchange Commission ("SEC") registered investment advisor located in Coral Gables, Florida. Registration as an investment advisor does not imply any level of skill or training. A copy of Premia's Form ADV Part 2A Brochure which includes a description of Premia's services, fees and business practices is filed with the SEC and available by contacting us, or at the SEC's website ( [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). Premia and Broadridge are unaffiliated companies.

These materials are not intended to be an advertisement or research and may not be distributed in states where Premia is not registered, or countries or jurisdictions where not permitted by law. Any discussion of investment strategies, products, or services is for information purposes only and should not be deemed to constitute the provision of investment advice, or a recommendation, or offer to purchase, or sell securities or pursue any investment strategy. These materials do not purport to contain all the relevant information that investors may wish to consider in making investment decisions and are not intended to be a substitute for exercising independent judgment. We recommend that investors independently evaluate the appropriateness of a particular investment or strategy and consult with an attorney, or tax professional regarding their specific legal or tax situation. Premia does not offer tax or legal advice. No representations are made that investors will be able to avoid loss, or achieve a certain level of performance. Investment results will fluctuate and may be highly volatile, particularly over the short term. Diversification does not protect against loss. Our views are subject to change at any time without an obligation to provide an update. Although the information distributed is based on sources believed to be reliable. We do not warrant its completeness accuracy.