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A Wealth of Advice

Market Week: April 1, 2019



The Markets (as of market close March 29, 2019)

Stocks rebounded last week to close the final week of March and the first quarter of 2019 in the black. Each of the benchmark indexes listed here gained over 1.0% for the week, except the Global Dow, which inched ahead less than 0.2%. Year-to-date, the tech-heavy Nasdaq leads the way, followed by the small caps of the Russell 2000, the S&P 500, the Dow, and the Global Dow. Technology shares jumped, as did energy stocks, on the heels of rising oil prices. While stock prices rose, long-term bond yields fell (yields fall as bond prices rise) as investors' demand pushed bond prices higher.

Oil prices climbed higher last week, closing at \$60.19 per barrel by late Friday, up from the prior week's closing price of \$58.97 per barrel. The price of gold (COMEX) fell for the first time in several weeks, closing at \$1,297.00 by last Friday evening, down from the prior week's price of \$1,313.40. The national average retail regular gasoline price was \$2.623 per gallon on March 25, 2019, \$0.075 higher than the prior week's price but \$0.025 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 3/29	Weekly Change	YTD Change
DJIA	23327.46	25502.32	25928.68	1.67%	11.15%
Nasdaq	6635.28	7642.67	7729.32	1.13%	16.49%
S&P 500	2506.85	2800.71	2834.40	1.20%	13.07%
Russell 2000	1348.56	1505.92	1539.74	2.25%	14.18%
Global Dow	2736.74	2995.76	3000.81	0.17%	9.65%
Fed. Funds target rate	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
10-year Treasuries	2.68%	2.44%	2.40%	-4 bps	-28 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 economy slowed at the end of last year. The third and final estimate of the gross domestic product for the fourth quarter of 2018 showed the economy grew at an annual rate of 2.2%. The third-quarter GDP advanced by 3.4%. Consumer spending, business investment, and state and local government spending all slowed during the fourth quarter. Net income generated in the production of goods and services, as measured by gross domestic income, increased 1.7% in the fourth quarter, compared with an increase of 4.6% in the third quarter. The average of GDP and GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 1.9% in the fourth quarter, compared with an increase of 4.0% in the third quarter. After-tax corporate profits fell 1.7% in the fourth quarter — the first such decline since 2017. For 2018, the GDP increased 2.9% (2.2% in 2017).
- The latest report on consumer income and spending (personal income and outlays) combines estimates for January and February, due to the partial government shutdown. February's estimates account only

Key Dates/Data Releases

4/1: Retail sales, PMI
Manufacturing Index, ISM
Manufacturing Index

4/2: Durable goods orders

4/3: ISM Non-Manufacturing
Index

4/5: Employment situation

for income — information on outlays will be available with April's report. That said, for January, consumer income fell 0.1% and disposable (after-tax) income dropped 0.2%. Consumer spending increased only 0.1%. The prices consumers paid for goods and services (personal consumption price index) fell 0.1%. In February, personal income increased 0.2%, as did disposable personal income.

- New home sales advanced in February, climbing 4.9% over January's estimate. The median sales price of new houses sold in February was \$315,300. The average sales price was \$379,600. The estimate of new houses for sale at the end of February was 340,000. This represents a supply of 6.1 months at the current sales rate.
- Still trying to catch up from the temporary government shutdown, the latest information on housing starts is for February. According to the Census Bureau, housing starts fell by 8.7% in February from January. Building permits were also down, falling 1.6%, although new home completions were up a solid 4.5% in February. Cold and stormy weather played a part in February's figures, which are expected to improve in March.
- The latest information from the Bureau of Economic Analysis on international trade is also a bit dated. Nevertheless, for January, the trade deficit for goods and services was \$51.1 billion — down \$8.8 billion, or 14.6%, from the December deficit. Year-over-year, the goods and services deficit decreased \$1.9 billion, or 3.7%, from January 2018. Of interest, the trade-in-goods deficit with China decreased \$5.5 billion to \$33.2 billion; the balance with Canada had a \$1.4 billion surplus; and the deficit with the European Union was \$13.1 billion.
- For the week ended March 23, there were 211,000 new claims for unemployment insurance, a decrease of 5,000 from the previous week's level, which was revised down by 5,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended March 16. The advance number of those receiving unemployment insurance benefits during the week ended March 16 was 1,756,000, an increase of 13,000 from the prior week's level, which was revised down by 7,000.

Eye on the Week Ahead

There are plenty of important economic reports on tap this week, led by March's employment figures. Job gains were moderate in February, and some experts expect March to show a sizable boost in new hires. Also, manufacturing and industrial production reports are available this week, particularly the February figures for durable goods orders.

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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