



MARKET WEEK: AUGUST 14, 2017

The Markets (as of market close August 11, 2017)

Investors may have been disturbed by the rising tensions between the United States and North Korea last week, resulting in a shift from stocks to long-term bonds. The Dow, which had surged to a new record high the prior week, sunk over 1.0% last week, while the large-cap S&P 500 fell almost 1.5% following some less than stellar second-quarter corporate earnings reports. Once again, the biggest drop was felt by the small-cap Russell 2000, which suffered the largest weekly decline of the indexes listed here, and has lost most of its year-to-date gains. On the other hand, demand for 10-year Treasuries increased, sending yields to their lowest level since June.

The price of crude oil (WTI) closed at \$48.79 per barrel, down from the prior week's closing price of \$49.52 per barrel. The price of gold (COMEX) closed last week at \$1,295.00 by late Friday afternoon, \$30.70 higher than the prior week's price of \$1,264.30. The national average retail regular gasoline price increased to \$2.378 per gallon on August 7, 2017, \$0.026 higher than the prior week's price and \$0.228 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 8/11	Weekly Change	YTD Change
DJIA	19762.60	22092.81	21858.32	-1.06%	10.60%
Nasdaq	5383.12	6351.56	6256.56	-1.50%	16.23%
S&P 500	2238.83	2476.83	2441.32	-1.43%	9.04%
Russell 2000	1357.13	1412.32	1374.23	-2.70%	1.26%
Global Dow	2528.21	2870.04	2821.52	-1.69%	11.60%
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%	2.26%	2.19%	-7 bps	-25 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

- According to the Job Openings and Labor Turnover report for June, the number of job openings increased to 6.2 million (+461,000). Over the month, the number of hires fell from 5.5 million in May to 5.4 million in June. There were 5.2 million total separations in June, little changed from May. Job openings increased in a number of industries, with the largest increases occurring in professional and business services (+179,000), health care and social assistance (+125,000), and construction (+62,000).
- The monthly federal government budget deficit was \$43 billion in July on the heels of a June deficit of \$90 billion. Total government receipts were \$232 billion, while total outlays were \$275 billion. The total budget deficit for fiscal 2017 sits at \$566 billion — 10.6% higher than the \$512 billion deficit over the same 10-month period last year.
- There continues to be little upward movement in consumer prices. The Consumer Price Index rose 0.1% in July following no movement in June and a 0.1% drop in May. The CPI has risen 1.7% over the last 12 months ended in July. Prices less food and energy also increased 0.1% for the month and 1.7% over the last 12 months.
- Dwindling inflationary pressure has been the theme over much of 2017, and the latest figures from the Producer Price Index continue that trend. The prices producers receive for their goods and services declined 0.1% in July, following a 0.1% increase in June. Over 80% of the decrease is attributable to a 0.2% drop in services, although prices for goods edged down 0.1%. Prices less the volatile components of food, energy, and trade services were unchanged in July, while prices less food and energy fell 0.1%.
- In the week ended August 5, the advance figure for seasonally adjusted initial claims for unemployment insurance was 244,000, an increase of 3,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 240,000 to 241,000. The advance seasonally adjusted insured unemployment rate remained 1.4%, unchanged from the previous week's unrevised rate. During the week ended July 29, there were 1,951,000 receiving unemployment insurance benefits, a decrease of 16,000 from the previous week's revised level. The previous week's level was revised down 1,000 from 1,968,000 to 1,967,000.

Eye on the Week Ahead

July's report on housing starts is out this week. The housing market has been up and down so far this year, with low inventory and rising prices discouraging would-be home shoppers. However, housing starts and building permits were up in June — a trend builders and homebuyers would



like to see continue in July. Another report released this week, the Treasury's Industrial Production Index, not only shows how much factories are producing, but it also measures how much factory capacity is in use.

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

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