



MARKET WEEK: MARCH 18, 2019

The Markets (as of market close March 15, 2019)

Tech shares were bullish last week, leading the way for what turned out to be a very strong performance in the market. The tech-heavy Nasdaq outperformed each of the other benchmark indexes listed here, and leads in overall year-to-date performance. Bond yields sank to their lowest level since January as prices soared on weak inflation reports (bond yields fall as bond prices rise). Signs that global and domestic economic growth may be slowing, coupled with lagging inflation, may be giving investors confidence that U.S. and foreign central banks will temper a push to increase interest rates.

Oil prices climbed higher last week, closing at \$58.38 per barrel by late Friday, up from the prior week's closing price of \$55.99 per barrel. The price of gold (COMEX) rose again last week, closing at \$1,302.20 by last Friday evening, up from the prior week's price of \$1,298.70. The national average retail regular gasoline price was \$2.471 per gallon on March 11, 2019, \$0.049 higher than the prior week's price but \$0.088 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 3/15	Weekly Change	YTD Change
DJIA	23327.46	25450.24	25848.87	1.57%	10.81%
Nasdaq	6635.28	7408.14	7688.53	3.78%	15.87%
S&P 500	2506.85	2743.07	2822.48	2.89%	12.59%
Russell 2000	1348.56	1521.88	1553.54	2.08%	15.20%
Global Dow	2736.74	2940.82	3022.78	2.79%	10.45%
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%	2.63%	2.58%	-5 bps	-10 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

- Is economic growth slowing? Some indicators may be pointing in that direction. The Consumer Price Index increased only 0.2% in February after being unchanged the prior month. Excluding the volatile food and energy groups, consumer prices advanced just 0.1%. Over the last 12 months, the CPI has increased a relatively scant 1.5%. The index less food and energy rose 2.1% over the last 12 months, a slightly smaller figure than the 2.2% increase for the period ended in January. The latest CPI, coupled with the February producer price report and the January retail sales figures, suggest inflationary pressures are back to being relatively flat.
- Prices for goods at the retail level increased 0.2% in January following a 1.6% drop in December. For the 12 months ended in January, retail prices are up 2.3%. Excluding auto sales, which were very weak in January, retail sales advanced 0.9% over December. Sales, excluding motor vehicles and gas stations, experienced a monthly gain of 1.2% in January. Online trade climbed 2.6% in January and is up 7.3% from a year ago. While January's data is positive, it doesn't come close to recouping December's drop in retail prices — the largest in almost 10 years.
- The Producer Price Index edged up 0.1% in February after falling 0.1% in both January and December. For the 12 months ended in February, producer prices are up 1.9%. Prices producers received for goods increased 0.4% in February, led by energy prices, which rose 1.8%. Prices for goods, less food and energy, inched up 0.1%. Prices for services were unchanged in February after a 0.3% hike in January.
- Sales of newly constructed homes continue to lag. According to the latest report from the Census Bureau, sales of new single-family homes in January were 6.9% below December's rate and 4.1% under the January 2018 estimate. The median sales price of new houses sold in January was \$317,200. The average sales price was \$373,100. There was a 6.6-month supply of new houses for sale across the country in January.
- The manufacturing sector posted some positive data in January. New orders for durable goods increased 0.4% over December's figures. This is the third consecutive increase in new orders, following a 1.3% jump in December. A 1.2% advance in transportation equipment, which has been up five of the last six months, drove the increase. Excluding transportation, new orders for durable goods slipped 0.1%. Shipments of durable goods fell 0.5% in January. This increase, up three consecutive months, followed a 1.3% December increase. Inventories of manufactured durable goods in January, up 24 of the last 25 months, increased 0.4%. This



followed a 0.3% December advance. Nondefense new orders for capital goods in January increased 2.5%, shipments declined 1.6%, and inventories increased 0.5%.

- The number of job openings increased by roughly 100,000 in January compared to December. Job openings increased in a number of industries, with the largest increases in wholesale trade (91,000), real estate and rental and leasing (60,000), and information (42,000). The job openings level decreased in other services (98,000), retail trade (97,000), and arts, entertainment, and recreation (40,000). January saw about 5.8 million new hires and 5.6 million total separations (including quits and layoffs).
- Industrial production edged up 0.1% in February, according to the Federal Reserve. Manufacturing production fell 0.4% in February for its second consecutive monthly decline. Pushing the industrial production index higher were utilities, which rose 3.7%, and mining, which increased 0.3%. Overall, industrial production was 3.5% higher in February than it was a year earlier.
- Prices for both imports and exports rose 0.6%, respectively, in February. The rise in import prices was largely driven by higher fuel prices. Despite the February increase, import prices declined 1.3% from February 2018 to February 2019. Over the same 12-month period, export prices have risen 0.3%.
- For the week ended March 9, there were 229,000 new claims for unemployment insurance, an increase of 6,000 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 March 2. The advance number of those receiving unemployment insurance benefits during the week ended March 2 was 1,776,000, an increase of 18,000 from the prior week's level.

Eye on the Week Ahead

The Federal Open Market Committee meets this week for the first time since January. Interest rates haven't changed since last December, so it's possible the Committee hikes rates 25 basis points following its meeting.

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