

Good Morning and Welcome Back from Summer Vacation.

Attached please find Winthrop Partners weekly market update for 9-4-18

During the summer many of you had out of office replies set up on your emails stating the dates that you were away. During the Summer months and the Holiday Season, Burglars and Identity Thieves send out phishing emails precisely to elicit such automated responses so that they can determine a window of opportunity for their malfeasance. Its best to use this reply sparingly or to have a really good burglar alarm or SPAM service.

The Markets (as of market close August 31, 2018)

Trade concerns pushed stocks lower at the end of the week, wiping out some early-week gains. Canada and the United States couldn't come up with a trade agreement, and a major U.S. auto manufacturer changed its plans to import a car made in China due to increased tariffs. Nevertheless, each of the indexes listed here gained ground on their respective prior week's value. The Nasdaq led the way for the week and continues to enjoy the largest yearly gain through 2018. The S&P 500 and Dow posted solid gains, while the small-cap stocks of the Russell 2000 pushed that index higher. Only the Global Dow recorded a very modest gain of less than .20%.

The price of crude oil (WTI) surged last week, closing at \$69.90 per barrel, up from the prior week's closing price of \$65.91 per barrel. The price of gold (COMEX) fell to \$1,206.80 by early Friday evening, down from the prior week's price of \$1,212.10. The national average retail regular gasoline price climbed to \$2.827 per gallon on August 27, 2018, \$0.006 higher than the prior week's price and \$0.428 more than a year ago.

| Market/Index | 2017 Close | Prior Week | As of 8/31 | Weekly Change | YTD Change |
|---------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| DJIA | 24719.22 | 25790.35 | 25964.82 | 0.68% | 5.04% |
| Nasdaq | 6903.39 | 7945.98 | 8109.54 | 2.06% | 17.47% |
| S&P 500 | 2673.61 | 2874.69 | 2901.52 | 0.93% | 8.52% |
| Russell 2000 | 1535.51 | 1725.67 | 1740.75 | 0.87% | 13.37% |
| Global Dow | 3085.41 | 3070.76 | 3075.52 | 0.16% | -0.32% |

| | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-------|--------|
| Fed. Funds target rate | 1.25%- 1.50% | 1.75%- 2.00% | 1.75%- 2.00% | 0 bps | 50 bps |
| 10-year Treasuries | 2.41% | 2.82% | 2.85% | 3 bps | 44 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

- With more economic source data from which to draw, the second release of the gross domestic product for the second quarter showed the economy grew at an annual rate of 4.2%. The first reading estimated a growth rate of 4.1%. In the first quarter, the GDP advanced at an annual rate of 2.2%. Real gross domestic income (GDI) increased 1.8% in the second quarter, compared with an increase of 3.9% in the first quarter. Contributing to the expanding economy was consumer spending, which jumped to 3.8% (0.5% in the first quarter), and government spending (up 2.3% from 1.5% in the prior quarter). Tax cuts and strong growth pushed corporate profits higher, climbing 3.3% in the second quarter and 7.7% over the past year.
- Job security and confidence in the economy may have pushed consumers to spend more than they made in July. According to the latest information from the Bureau of Economic Analysis, July saw pre- and after-tax personal income rise 0.3% while consumer spending advanced 0.4%. Prices for consumer products and services inched up only 0.1%, while core prices (less food and energy) bumped up 0.2%. Over the last 12 months ended in July, prices are up 2.3% and core prices have increased 2.0%.
- The goods trade deficit expanded by \$4.3 billion, or 6.3%, to \$72.2 billion in July. Exports of goods for July were \$140.0 billion, \$2.5 billion less than June exports. Imports of goods for July were \$212.2 billion, \$1.8 billion more than June imports.
- In the week ended August 25, the advance figure for seasonally adjusted initial claims for unemployment insurance was 213,000, an increase of 3,000 from the previous week. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended August 18. The advance number of those receiving unemployment insurance benefits during the week ended August 18 was 1,708,000, a decrease of 20,000 from the prior week's level, which was revised up by 1,000.

Eye on the Week Ahead

The international trade deficit for goods and services expanded at a rate of 7.3% in June as imports increased while exports receded. The July report is out this week and is expected to show decreasing exports and increasing imports — resulting in a larger trade deficit. The August report on employment is also out this week. Last month saw 157,000 new jobs added with an unemployment rate hovering around 3.9%.

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. Content provided by Broadridge Investor Communication Solutions, Inc