

## The Markets (as of market close October 12, 2018)

Despite a surge at the end of the week, stocks plummeted last week. Each of the benchmark indexes listed here lost value, led by the small caps of the Russell 2000, which fell over 5.0%. The S&P 500, which rebounded last Friday, suffered through its biggest two-day decline last Wednesday and Thursday since early February. The Cboe Volatility Index shot to its highest level since late March last Thursday as trading volumes soared. The cause of the latest stock dump is hard for analysts to determine, and may be due to a combination of the trade conflict between the United States and China, a weakening global economy, and rising interest rates. As investors moved from equities, some money was pushed to bonds, driving long-term bond yields lower as prices rose.

The price of crude oil (WTI) fell back last week, closing at \$71.49 per barrel by late Friday, down from the prior week's closing price of \$74.29 per barrel. The price of gold (COMEX) rose for the second week in a row, closing at \$1,221.10 by early Friday evening, up from the prior week's price of \$1,206.70. The national average retail regular gasoline price was \$2.903 per gallon on October 8, 2018, \$0.037 higher than the prior week's price and \$0.399 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 10/12	Weekly Change	YTD Change
<b>DJIA</b>	24719.22	26447.05	25339.99	-4.19%	2.51%
<b>Nasdaq</b>	6903.39	7788.45	7496.89	-3.74%	8.60%
<b>S&amp;P 500</b>	2673.61	2885.57	2767.13	-4.10%	3.50%
<b>Russell 2000</b>	1535.51	1632.11	1546.68	-5.23%	0.73%
<b>Global Dow</b>	3085.41	3076.99	2966.51	-3.59%	-3.85%
<b>Fed. Funds target rate</b>	1.25%- 1.50%	2.00%- 2.25%	2.00%- 2.25%	0 bps	75 bps
<b>10-year Treasuries</b>	2.41%	3.23%	3.16%	-7 bps	75 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

- Inflationary pressures at the consumer level remained subdued last month as the Consumer Price Index increased a scant 0.1%. Over the last 12 months, the CPI has risen 2.3%. The index less food and energy rose 0.1% in September, the same increase as in August, and is up 2.2% over the last 12 months.
- Sellers of domestic goods and services saw their prices rise 0.2% in September, according to the Bureau of Labor Statistics. Prices fell 0.1% in August. Over the past 12 months ended in September, producer prices have risen 2.6%. Prices less foods, energy, and trade services moved up 0.4% for the month, the largest increase since January, when prices rose 0.5%. A closer look at prices shows that services, particularly transportation services, drove the price index. Goods prices actually fell 0.1% for the month, as energy prices dropped 0.8% and food prices fell 0.6%. However, goods prices less foods and energy actually rose 0.2% in September. Overall, price pressures at the producer level remained relatively subdued in September.
- Import prices rebounded in September, climbing 0.5%, after declining 0.4% in August. Higher fuel prices led the import price increase. For the year, import prices are up 3.5%. Export prices recorded no change in September following a 0.2% drop in August. Export prices have advanced 2.7% for the year ended in September 2018. A strong dollar has kept upward pressures of import prices in check.
- For the week ended October 6, the advance figure for seasonally adjusted initial claims for unemployment insurance was 214,000, an increase of 7,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2%. The advance number of those receiving unemployment insurance benefits during the week ended September 29 was 1,660,000, an increase of 4,000 from the prior week's level, which was revised up by 6,000.

## Eye on the Week Ahead

The housing sector is one segment of the economy that's been lagging for some time. September's figures on housing starts and existing home sales may finally show some upward movement, particularly in home prices.

*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.*

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*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.*