

## The Markets (as of market close September 20, 2019)

Following three consecutive weekly gains, stocks closed down last week. Despite another drop in interest rates, news that a Chinese delegation involved in trade negotiations would be returning home earlier than expected worried investors and sent stocks spiraling downward. An attack on oil facilities in Saudi Arabia prompted a surge in crude oil prices, which had been falling over the past few weeks. By last week's end, each of the benchmark indexes listed here lost value, led by the small caps of the Russell 2000 and the large caps of the Dow, each of which dropped over 1.0%. It looks like volatility will be the operative word moving into the fall, as investors' predilections will be driven by trade rhetoric between the United States and China.

Oil prices jumped last week, closing at \$58.09 per barrel by late Friday afternoon, up from the prior week's price of \$54.82. The price of gold (COMEX) climbed last week following three consecutive week-over-week losses, closing at \$1,523.80 by late Friday afternoon, up from the prior week's price of \$1,495.70. The national average retail regular gasoline price was \$2.552 per gallon on September 16, 2019, \$0.002 more than the prior week's price but \$0.289 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 9/20	Weekly Change	YTD Change
<b>DJIA</b>	23327.46	27219.52	26935.07	-1.05%	15.47%
<b>Nasdaq</b>	6635.28	8176.71	8117.67	-0.72%	22.34%
<b>S&amp;P 500</b>	2506.85	3007.39	2992.07	-0.51%	19.36%
<b>Russell 2000</b>	1348.56	1578.14	1559.76	-1.16%	15.66%
<b>Global Dow</b>	2736.74	3085.67	3065.59	-0.65%	12.02%
<b>Fed. Funds target rate</b>	2.25%- 2.50%	2.00%- 2.25%	1.75%- 2.00%	25 bps	-50 bps
<b>10-year Treasuries</b>	2.68%	1.90%	1.75%	-15 bps	-93 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 News

- The Federal Open Market Committee voted to reduce the federal funds rate range by 25 basis points to 1.75%-2.00%. The Committee has reduced the interest rate range by 50 basis points this year. There is some division within the Committee, however, as the vote at last week's meeting was split 7 in favor of the rate reduction applied, 1 in favor of a 50 basis-point reduction, and 2 voting for no reduction. Nevertheless, the FOMC statement indicated that consumer spending was rising at a strong pace and job gains have been solid, but business spending and exports have weakened, while inflation continues to run below the Fed's target rate of 2.00%. Whether the Committee adjusts rates again this year is up to conjecture. According to the latest published FOMC forecasts, of the 17 members of the Federal Reserve, 7 expect at least one more 25 basis-point cut, 5 would opt for no additional cuts, and 5 prefer to push rates back to 2.00%. It is also unclear to what degree pressure from President Trump to lower interest rates is impacting the Committee.
- Manufacturing may be picking up steam heading into the fall months. Industrial production rose 0.6% in August after declining 0.1% in July. Manufacturing production increased 0.5%, more than reversing its decrease in July. Factory output has increased 0.2% per month over the past four months after having decreased 0.5% per month during the first four months of the year. In August, the indexes for utilities and mining moved up 0.6% and 1.4%, respectively. Total industrial production was 0.4% higher in August than it was a year earlier.
- Sales of existing homes advanced in August for the second consecutive month. Total existing home sales rose 1.3% in August after climbing 2.5% in July. Sales are up 2.6% from a year ago. The median existing home price in August was \$278,200, down 0.9% from July's median price of \$280,800, but up 4.7% from August 2018 (\$265,600). Total housing inventory at the end of August decreased to 1.86 million, down from 1.90 million existing homes available for sale in July, and marking a 2.6% decrease from 1.91 million one year ago. Single-family home sales sat at an annual rate of 4.90 million in August, up from 4.84 million in July and up 2.9% from a year

ago. The median existing single-family home price was \$280,700 in August 2019, up 4.7% from August 2018.

- New home construction geared up in August. Building permits increased 7.7% over July, housing starts advanced 12.3%, and new home completions increased 2.4%, with single-family home completions up 3.7%.
- For the week ended September 14, there were 208,000 claims for unemployment insurance, an increase of 2,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended September 7. The advance number of those receiving unemployment insurance benefits during the week ended September 7 was 1,661,000, a decrease of 13,000 from the prior week's level, which was revised up by 4,000.

## Eye on the Week Ahead

The third and final rendering of the gross domestic product for the second quarter is out this week. The second reading last month showed the economy grew at a rate of 2.0%. Also out this week is the August report on personal income and outlays, the Fed's preferred indicator of consumer spending and inflationary trends. In July, consumer spending (+0.6%) exceeded price growth of consumer goods and services (+0.2%).

*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*

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