

The Markets (as of market close October 25, 2019)

Solid corporate earnings reports and encouraging signs on the trade war front spurred stocks higher last week. The S&P 500 reached its second highest closing value by last Friday, while the Dow is nearing a record high. Word came from government officials last Friday that progress had been made in negotiations with China on the first phase of a potential trade agreement between the two economic giants. Of the indexes listed here, the technology-heavy Nasdaq led the way gaining almost 2.0%, followed by the small caps of the Russell 2000, which surged over 1.5%. The large caps of the S&P 500 and Dow also fared well. Even the Global Dow rose more than 1.0%. As to corporate earnings, the majority of S&P 500 companies posting earnings for the third quarter beat analysts' expectations. Investors may also be anticipating the Fed dropping interest rates this week following its October meeting.

Oil prices climbed last week, closing at \$56.65 per barrel by late Friday afternoon, up from the prior week's price of \$53.71. The price of gold (COMEX) rose for the second week in a row last week, closing at \$1,507.10 by late Friday afternoon, up from the prior week's price of \$1,493.60. The national average retail regular gasoline price was \$2.638 per gallon on October 21, 2019, \$0.009 more than the prior week's price but \$0.203 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 10/25	Weekly Change	YTD Change
DJIA	23327.46	26770.20	26958.06	0.70%	15.56%
Nasdaq	6635.28	8089.54	8243.12	1.90%	24.23%
S&P 500	2506.85	2986.20	3022.55	1.22%	20.57%
Russell 2000	1348.56	1535.48	1558.71	1.51%	15.58%
Global Dow	2736.74	3048.36	3079.14	1.01%	12.51%
Fed. Funds target rate	2.25%- 2.50%	1.75%- 2.00%	1.75%- 2.00%	0 bps	-50 bps

10-year Treasuries

2.68%

1.74%

1.80%

6 bps

-88 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

- September, the last month of the federal government's fiscal year, recorded a budget surplus of \$83 billion (\$119 billion in September 2018). For the fiscal year, the deficit was \$984 billion, 26.4% greater than the 2018 fiscal year deficit. In 2019, total individual income tax receipts were \$1,718 billion, while corporate tax receipts were \$230 billion. The largest government expenditures in 2019 were \$1,044 billion for Social Security, \$688 billion for national defense, and \$651 billion for Medicare.
- September proved to be a sour month in the manufacturing sector. New orders for long-lasting durable goods fell 1.1% in September from August. This decrease follows three consecutive monthly increases. Excluding transportation, new orders fell 0.3% last month. Transportation equipment led the September decrease, falling 2.7%. Shipments of durable goods, down three consecutive months, decreased 0.4% in September, likely impacted by the ongoing trade war with China. Unfilled orders for manufactured durable goods in September, down following two consecutive monthly increases, were essentially unchanged. Inventories of manufactured durable goods in September, up 14 of the last 15 months, increased 0.5%. Capital goods used in the manufacture of end products plunged 2.8% in September, a reflection of waning business investment.
- After climbing for two consecutive months, sales of existing homes fell 2.2% in September. Overall, sales are still up 3.9% from a year ago. The median existing-home price in September was \$272,100, down 2.2% from August's price (\$278,200) but 5.9% ahead of the September 2018 price (\$256,900). Housing inventory in September was relatively unchanged from August, but is down 2.7% from last September's inventory. Single-family home sales sat at an annual rate of 4.78 million in September, down 2.6% from August but up 3.9% from a year ago. The median existing single-family home price was \$275,100 in September, down from the August median sales price of \$281,900.

- Sales of new single-family homes fared no better than existing home sales last month. New home sales dropped 0.7% in September, but are still 15.5% ahead of their pace a year ago. The median sales price of new houses sold in September was \$299,400 (\$325,200 in August). The average sales price fell from \$394,800 in August to \$362,700 last month. Inventory is at a 5.5-month supply, the same as in August.
- For the week ended October 19, there were 212,000 claims for unemployment insurance, a decrease of 6,000 from the previous week's level, which was revised up by 4,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended October 12. The advance number of those receiving unemployment insurance benefits during the week ended October 12 was 1,682,000, a decrease of 1,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

This is a busy week for market-moving economic reports. The week starts off with the latest report on international trade in goods for September. The trade deficit reached \$73 billion in August. The first release of the gross domestic product for the third quarter is also available this week. The economy grew at a rate of 2.0% in the second quarter. The Federal Open Market Committee meets this week. Last month, the FOMC decided to lower the target range for the federal funds rate by 25 basis points. A similar reduction could ensue following the Committee's meeting this week. Finally, the report on personal income and spending is out at the end of the week. This report covers how much consumers are making (income), saving, and spending. The report also looks at the prices of consumer goods and services — an important inflationary indicator used by the Federal Reserve.

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.