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Market Week: August 26, 2019



The Markets (as of market close August 23, 2019)

Stock gains enjoyed earlier last week were lost by week's end on ramped-up trade war rhetoric from the White House. Stocks surged earlier in the week on favorable earnings reports from some major retailers and a renewed commitment from the Federal Reserve to act accordingly in heading off a possible recession. Following China's announcement that it would raise tariffs on U.S. imports, including a 25% tax on American-made autos, President Trump fired back, ordering domestic companies to start looking for an alternative to China. By last Friday, each of the benchmark indexes fell notably, led by the Russell 2000, which dropped over 2.25%, and the Nasdaq, which lost almost 2.00%.

Oil prices fell last week, closing at \$53.89 per barrel by late Friday afternoon, down from the prior week's price of \$54.94. The price of gold (COMEX) advanced again last week, closing at \$1,537.20 by late Friday afternoon, up from the prior week's price of \$1,523.60. The national average retail regular gasoline price was \$2.598 per gallon on August 19, 2019, \$0.026 lower than the prior week's price and \$0.223 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 8/23	Weekly Change	YTD Change
DJIA	23327.46	25886.01	25628.90	-0.99%	9.87%
Nasdaq	6635.28	7895.99	7751.77	-1.83%	16.83%
S&P 500	2506.85	2888.68	2847.11	-1.44%	13.57%
Russell 2000	1348.56	1493.64	1459.49	-2.29%	8.23%
Global Dow	2736.74	2916.65	2898.73	-0.61%	5.92%
Fed. Funds target rate	2.25%-2.50%	2.00%-2.25%	2.00%-2.25%	0 bps	-25 bps
10-year Treasuries	2.68%	1.53%	1.52%	-1 bps	-1.16 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

- Sales of existing homes rebounded in July, advancing 2.5% from their June total. Overall, sales of existing homes are up 0.6% from a year ago. The median home price was \$280,800 in July, up 4.3% from last July but down from June's record high of \$285,700. Total existing housing inventory fell 1.6% from June, representing a 4.2-month supply of unsold inventory at the current sales pace. According to Freddie Mac, the average commitment rate for a 30-year, conventional, fixed-rate mortgage decreased to 3.77% in July, down from 3.80% in June. The average commitment rate across all of 2018 was 4.54%. Sales of single-family homes increased by 2.7% in July over June.
- Unlike sales of existing homes, new home sales plummeted in July, according to the Census Bureau. Sales of new single-family homes fell 12.8% in July from June's pace, but are still 4.3% ahead of last year's totals. The median sales price of new houses sold in July 2019 was \$312,800. The average sales



Key Dates/Data Releases

8/26: Durable goods orders

8/29: GDP, international trade in goods

8/30: Personal income and outlays

price was \$388,000. There were 337,000 new houses for sale at the end of July, which represents a supply of 6.4 months at the current sales rate.

- For the week ended August 17, there were 209,000 claims for unemployment insurance, a decrease of 12,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended August 10. The advance number of those receiving unemployment insurance benefits during the week ended August 10 was 1,674,000, a decrease of 54,000 from the prior week's level, which was revised up by 2,000.

Eye on the Week Ahead

The updated gross domestic product report for the second quarter is out this week. The initial release showed the economy advanced at a rate of 2.1%. With more economic information available, this latest iteration may show more second-quarter growth than initially reported. The G7 meetings wrap up this week, which could offer insight into the direction of the ongoing trade war between the United States and China.

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.

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