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E2E Financial, LLC
Ever to Excel...

Market Week: September 9, 2019

The Markets (as of market close September 6, 2019)

Stocks climbed last week following positive rhetoric from high-ranking Chinese officials who plan to meet for another round of trade discussions in Washington next month. This is welcome news for investors who saw the United States and China impose additional tariffs on September 1, with the plan for more of the same in December if negotiations prove fruitless. Optimistic investors pushed stock prices higher as each of the benchmark indexes listed here posted solid gains. Only the small caps of the Russell 2000 failed to gain at least 1.0% for the week. The large caps of the S&P 500 gained over 1.75%, as did the Nasdaq. The Global Dow enjoyed the highest weekly gain, climbing over 2.0%. Year-to-date, these last two weeks have pushed the indexes listed here notably higher, with each posting gains in excess of 10.0%. On the other hand, long-term bond yields jumped last week as bond sell-offs pulled prices lower.

Oil prices advanced last week, closing at $56.60 per barrel by late Friday afternoon, up from the prior week's price of $55.16. The price of gold (COMEX) fell for the second consecutive week, closing at $1,514.70 by late Friday afternoon, down from the prior week's price of $1,529.20. The national average retail regular gasoline price was $2.563 per gallon on September 2, 2019, $0.011 lower than the prior week's price and $0.261 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 9/6	Weekly Change	YTD Change
DJIA	23327.46	26403.28	26797.46	1.49%	14.88%
Nasdaq	6635.28	7962.88	8103.07	1.76%	22.12%
S&P 500	2506.85	2926.46	2978.71	1.79%	18.82%
Russell 2000	1348.56	1494.84	1505.17	0.69%	11.61%
Global Dow	2736.74	2953.12	3014.51	2.08%	10.15%
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%	1.50%	1.55%	5 bps	-113 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

- There were 130,000 new jobs added in August and the unemployment rate remained unchanged at 3.7%, according to the latest figures from the Bureau of Labor Statistics. The number of unemployed persons remained relatively the same at 6.0 million. The labor force participation rate edged up 0.2 percentage point to 63.2%, and the employment-population ratio, at 60.9%, also edged up 0.2 percentage point from July's figure. Job growth has averaged 158,000 per month thus far this year, below the average monthly gain of 223,000 in 2018. In August, employment in federal government increased by 28,000, mostly due to the hiring of 25,000 temporary workers to prepare for the 2020 Census. Job gains were also seen in health care (+24,000), financial activities (+15,000), professional

Key Dates/Data Releases

9/10: JOLTS

9/11: Producer Price Index

9/12: Consumer Price Index, Treasury budget

9/13: Retail sales, import and export prices

and business services (+37,000), and social assistance (+13,000). In August, average hourly earnings rose by $0.11 to $28.11, following $0.09 gains in both June and July. Over the past 12 months, average hourly earnings have increased by 3.2%. Last month, the average workweek increased by 0.1 hour to 34.4 hours.

- The international goods and services trade deficit was $54.0 billion in July, down $1.5 billion from the revised June total. July exports were $207.4 billion, $1.2 billion more than June exports. July imports were $261.4 billion, $0.4 billion less than June imports. Year-to-date, the goods and services deficit increased $28.2 billion, or 8.2%, from the same period in 2018. Exports decreased $3.4 billion, or 0.2%. Imports increased $24.9 billion, or 1.4%. Of note, the deficit with China decreased $0.5 billion to $29.6 billion in July. Exports decreased $0.3 billion to $9.3 billion, and imports decreased $0.8 billion to $39.0 billion.
- According to the Markit survey of purchasing managers, manufacturers saw a further slowdown in growth in August. The IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ posted 50.3 in August, its lowest reading since September 2009. According to the report, new orders for exports fell at the quickest pace since August 2009, which many firms linked to the trade war and tariffs.
- The Manufacturing ISM® Report On Business® followed the Markit survey, with respondents indicating that growth in manufacturing slowed significantly. New orders, production, employment, and deliveries each fell in August, while inventories and prices rose. With inflation remaining soft, this report, along with the Markit survey, may be enough to push the Fed to lower interest rates later this month.
- Unlike the manufacturing sector, services expanded in August, according to the Non-Manufacturing ISM® Report On Business®. Non-manufacturing business activity, new orders, and prices increased last month. Only employment fell in August.
- For the week ended August 31, there were 217,000 claims for unemployment insurance, an increase of 1,000 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 24. The advance number of those receiving unemployment insurance benefits during the week ended August 24 was 1,662,000, a decrease of 39,000 from the prior week's level, which was revised up by 3,000.

Eye on the Week Ahead

Inflationary readings are on tap this week with reports on the August Consumer Price Index, Producer Price Index, retail sales, and import and export prices. The ongoing U.S.-China trade war hasn't had an apparent impact on prices for consumer goods and services, which have remained soft for much of the year.

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.

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