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Market Week: July 29, 2019



The Markets (as of market close July 26, 2019)

Strong earnings reports plus a favorable gross domestic product report were enough to boost stocks last week. The S&P 500 notched a new record high last week, as did the Nasdaq. The GDP expanded at an annualized rate of 2.1% in the second quarter as consumer spending (which accounts for about two-thirds of the economy) soared. Several large companies reported strong earnings, although Amazon's run of record earnings came to an end. The Nasdaq led the way last week, gaining over 2.25%, followed by the Russell 2000, which also increased over 2.0%. The S&P 500 rose 38.25 points and 1.65% over its prior week's closing value. Both the Dow (0.14%) and the Global Dow (0.61%) lagged behind the other benchmark indexes listed here.

Oil prices stayed relatively steady last week, closing at \$56.17 per barrel by late Friday afternoon, up from the prior week's price of \$55.97. The price of gold (COMEX) fell for the first time in several weeks, closing at \$1,418.40 by late Friday afternoon, down from the prior week's price of \$1,426.50. The national average retail regular gasoline price was \$2.750 per gallon on July 22, 2019, \$0.029 lower than the prior week's price and \$0.081 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 7/26	Weekly Change	YTD Change
DJIA	23327.46	27154.20	27192.45	0.14%	16.57%
Nasdaq	6635.28	8146.49	8330.21	2.26%	25.54%
S&P 500	2506.85	2976.61	3025.86	1.65%	20.70%
Russell 2000	1348.56	1547.90	1578.97	2.01%	17.09%
Global Dow	2736.74	3085.57	3104.51	0.61%	13.44%
Fed. Funds target rate	2.25%-2.50%	2.25%-2.50%	2.25%-2.50%	0 bps	0 bps
10-year Treasuries	2.68%	2.00%	2.08%	8 bps	-60 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

- According to the initial, or "advance," estimate of the gross domestic product, the economy grew at an annualized rate of 2.1% in the second quarter. The first quarter saw the economy expand at an annualized rate of 3.1%. The deceleration in the second quarter is due, in part, to downturns in domestic investment (-5.5%) and exports (-5.2%). Within domestic investment, business investment fell 0.6% in the second quarter. Consumer prices for goods and services increased 2.3% in the second quarter compared with an increase of 0.4% in the first quarter. Disposable (after-tax) personal income increased 4.9% in the second quarter, after growing 4.8% in the prior quarter. Consumers spent more in the second quarter, as the personal consumption expenditures index rose by 4.3%, following a 1.1% advance in the first quarter.



Key Dates/Data Releases

7/30: Personal income and outlays

7/31: FOMC statement

8/1: Markit PMI

Manufacturing Index, ISM Manufacturing Index

8/2: Employment situation, international trade

- Total sales of existing homes dropped 1.7% in June, after falling 2.9% (revised) in May. Existing home sales as a whole are down 2.2% from a year ago. Despite low mortgage rates and robust employment, sales have been slow. Sales of single-family existing homes slid about 1.5% in June from May and are down 1.7% from June 2018. One can only speculate as to the reasons for the weakening home sale market. It could be due to a lack of inventory, particularly in the moderately priced segment, or potential homebuyers may lack confidence in the economy. In any case, existing home prices have continued to climb. The median existing-home price in June reached an all-time high of \$285,700, which is 4.3% ahead of last June's median price. Total housing inventory increased from 1.91 million in May to 1.93 million in June, for a 4.4-month supply at the current sales pace.
- Unlike the market for existing homes, sales of new single-family homes have been surging. In June, sales of new single-family homes increased by 7.0% over May's revised total. Sales are 4.5% above the June 2018 estimate. The median sales price of new houses sold in June 2019 was \$310,400 (\$303,500 in May). The average sales price was \$368,600 (\$371,200 in May). The availability of homes for sale does not seem to be an issue, as there was a 6.3-month supply of new inventory in June.
- New orders for manufactured durable goods rebounded in June following two consecutive monthly decreases. New orders increased 2.0% last month after falling 2.3% in May. Excluding transportation, new orders increased 1.2%. Shipments of durable goods increased 1.4% after climbing 0.5% in May. Backlog for new durable goods continued to recede, decreasing 0.7% in June. Inventories, up 11 of the past 12 months, increased 0.3% last month. Capital goods orders jumped 4.8% in June after dropping 4.9% in May.
- The advance report on international trade in goods (excluding services) for June saw the trade deficit narrow slightly from \$75.0 billion in May to \$74.2 billion last month. Both goods exports and imports decreased in June, \$3.7 billion (-2.7%) and \$4.6 billion (-2.2%), respectively.
- For the week ended July 20, there were 206,000 claims for unemployment insurance, a decrease of 10,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims remained at 1.2% for the week ended July 13. The advance number of those receiving unemployment insurance benefits during the week ended July 13 was 1,676,000, a decrease of 13,000 from the prior week's level, which was revised up by 3,000.

Eye on the Week Ahead

This is a very busy week with some market-moving economic reports scheduled for release, as well as the FOMC meeting. Personal income and savings have been growing at a steady pace, but consumer prices and spending have been relatively subdued, indicative of weak inflationary trends. Also, manufacturing slipped in June, according to purchasing managers' surveys. A more positive outlook is expected for July.

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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