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RETIREMENT & INVESTMENT SPECIALISTS

Market Week: June 3, 2019

The Markets (as of market close May 31, 2019)

Treasury yields fell to their lowest level in 2019, gold prices soared, oil prices fell, trade tensions wore on investors' nerves, and stocks fell again last week. Mounting trade tensions between the United States and China, an ongoing saga that has lasted for over a year, may have finally pushed investors to abandon stocks for bonds and precious metals such as gold and silver. Each of the benchmark indexes listed here fell over 2.0% for the week, led by the Russell 2000 and the Dow, each falling over 3.0% for the week. More worrisome is the year-to-date totals. Where once the benchmarks were double digits above their 2018 closing values, now several of the indexes are receding closer to their 2019 starting values, with only the Nasdaq still more than 10% ahead of last year's closing mark.

Oil prices fell sharply last week, closing at $53.33 per barrel by late Friday, down from the prior week's closing price of $59.04 per barrel. The price of gold (COMEX) advanced last week, closing at $1,310.30 by Friday evening, up from the prior week's price of $1,284.20. The national average retail regular gasoline price was $2.822 per gallon on May 27, 2019, $0.030 lower than the prior week's price and $0.140 less than a year ago.

Market/Index	2018 Close	Prior Week	As of 5/31	Weekly Change	YTD Change
DJIA	23327.46	25585.69	24815.04	-3.01%	6.38%
Nasdaq	6635.28	7637.01	7453.15	-2.41%	12.33%
S&P 500	2506.85	2826.06	2752.06	-2.62%	9.78%
Russell 2000	1348.56	1514.11	1465.49	-3.21%	8.67%
Global Dow	2736.74	2951.46	2888.03	-2.15%	5.53%
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%	2.37%	2.13%	-24 bps	-55 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 Headlines

- The second estimate for the first-quarter gross domestic product showed the economy grew at an annualized rate of 3.2% (3.1% according to the first estimate). The GDP grew at an annualized rate of 2.2% in the fourth quarter. Consumer spending and exports were revised slightly higher in the second estimate, while business spending and inventory investment were revised slightly lower compared to the first estimate. Gross domestic income increased 1.4% in the first quarter, compared with an increase of 0.5% (revised) in the fourth quarter. Consumer spending, as measured by personal consumption expenditures, increased 1.3% in the first quarter, compared with an increase of 2.5% in the fourth quarter. Excluding food and energy prices, the PCE price index increased 1.0%, compared with a fourth-quarter increase of 1.8%.

Key Dates/Data Releases

6/3: ISM Manufacturing Index, PMI Manufacturing Index

6/5: ISM Non-Manufacturing Index

6/6: International trade

6/7: Employment situation

- Consumer spending advanced 0.3% in April over March, as did the prices for consumer goods and services. As an indication of inflation, consumer prices are up 1.5% over the last 12 months ended in April. Personal income rose 0.5% for the month, while disposable (after-tax) income rose 0.4%.
- The advance report on international trade in goods (excluding services) for April showed the trade deficit was $72.1 billion, up $0.2 billion from the March deficit. Exports dropped $5.9 billion, while imports fell $5.6 billion. Capital goods, the largest sector of exports in the United States, fell a sharp 6.5% in April from March. Compared to last April, capital exports are off by 3.7%.
- According to the Department of Labor, there were 215,000 claims for unemployment insurance for the week ended May 25, an increase of 3,000 from the previous week's level, which was revised up by 1,000. The advance rate for insured unemployment claims remained at 1.2% for the week ended May 18. The advance number of those receiving unemployment insurance benefits during the week ended May 18 was 1,657,000, a decrease of 26,000 from the prior week's level, which was revised up by 7,000.

Eye on the Week Ahead

The employment figures for May are out this week. Last month saw a whopping 263,000 new jobs added. Wages, while increasing, are doing so at a snail's pace, which is a contributing factor in keeping inflation down.

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.

IMPORTANT DISCLOSURES

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