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Market Week: December 2, 2019



The Markets (as of market close November 29, 2019)

The holiday-shortened week was a good one for investors as they were encouraged by the growing likelihood of "phase one" in the resolution of the trade war between China and the United States. The large caps of the Dow and S&P 500 reached record highs earlier in the week as did the tech stocks of the Nasdaq, although the Dow lost some momentum following turkey day. By the close of the markets on Friday, the Russell 2000 had surged by almost 2.25%, followed by the Nasdaq, which gained over 1.70%. The S&P 500 rose by almost 1.0%, the Dow moved ahead by 0.63%, the Global Dow picked up more than 0.25%.

Oil prices fell again last week, closing at \$55.17 per barrel by late Friday afternoon, down from the prior week's price of \$57.89. The price of gold (COMEX) inched higher last week, closing at \$1,465.60 by late Friday afternoon, up from the prior week's price of \$1,462.50. The national average retail regular gasoline price was \$2.579 per gallon on November 25, 2019, \$0.013 less than the prior week's price but \$0.040 more than a year ago.

Market/Index	2018 Close	Prior Week	As of 11/29	Weekly Change	YTD Change
DJIA	23327.46	27875.62	28051.41	0.63%	20.25%
Nasdaq	6635.28	8519.88	8665.47	1.71%	30.60%
S&P 500	2506.85	3110.29	3140.98	0.99%	25.30%
Russell 2000	1348.56	1588.94	1624.50	2.24%	20.46%
Global Dow	2736.74	3141.77	3151.08	0.30%	15.14%
Fed. Funds target rate	2.25%-2.50%	1.50%-1.75%	1.50%-1.75%	0 bps	-75 bps
10-year Treasuries	2.68%	1.77%	1.77%	0 bps	-91 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

- The second estimate for the third-quarter gross domestic product saw the economy expand at an annualized rate of 2.1%. The GDP grew at a 2.0% rate in the second quarter. Gross domestic income (the net of income earned and cost incurred in the production of GDP) increased 2.4% in the third quarter, compared with an increase of 0.9% in the second quarter. Compared to the second quarter, personal consumption expenditures fell from 4.6% to 2.9%, nonresidential fixed investment (company expenditures on business-related items) fell at a rate of 2.7%, exports grew from -5.7% to 0.9%, and imports increased from 0.0% to 1.5%. The personal consumption expenditure price index (a measure of consumer prices for goods and services) remained at 1.5% for the third quarter. PCE price index excluding food and energy increased 2.1%. Interestingly, corporate profits increased \$4.6 billion in the third quarter, compared with an increase of \$75.8 billion in the second quarter.

Key Dates/Data Releases

12/2: Markit Manufacturing Index, ISM Manufacturing Index

12/4: ISM Non-Manufacturing Index

12/5: International trade

12/6: Employment situation

- Personal income and disposable (after-tax) personal income slowed in October. Personal income was unchanged from September, while disposable personal income fell 0.1%. Consumer spending advanced 0.3% after climbing 0.2% the previous month. Price inflation remains relatively weak as the personal consumption price index rose 0.2% in October following no increases the previous two months. For the year, consumer prices are up 1.3% — well below the Federal Reserve's target rate of 2.0%.
- The international goods trade deficit was \$66.5 billion in October, down \$4.0 billion from \$70.5 billion in September. Exports of goods for October were \$135.3 billion, \$0.9 billion less than September exports. Imports of goods for October were \$201.8 billion, \$5.0 billion less than September imports. Exports that notably decreased included industrial supplies (-3.0%), automotive vehicles (-2.4%), and consumer goods (-4.0%). Import items that fell included automotive vehicles (-5.9%), consumer goods (-4.8%), and foods, feeds, and beverages (-2.9%).
- New orders for durable goods bounced back in October, increasing 0.6% following September's 1.4% decrease. Excluding transportation, new orders increased 0.6%. Excluding defense, new orders increased 0.1%. Shipments of manufactured durable goods in October were virtually unchanged following three consecutive monthly decreases. New orders for nondefense capital goods in October increased 3.2% after falling 3.4% the prior month.
- According to the latest report from the Census Bureau, sales of new single-family homes dropped 0.7% in October but are 31.6% above the October 2018 estimate. The median sales price of new houses sold in October 2019 was \$316,700. The average sales price was \$383,300. The estimated inventory of new homes for sale represents a supply of 5.3 months.
- For the week ended November 23, there were 213,000 claims for unemployment insurance, a decrease of 15,000 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 dropped 0.1 percentage point to 1.1% for the week ended November 16. The advance number of those receiving unemployment insurance benefits during the week ended November 16 was 1,640,000, a decrease of 57,000 from the prior week's level, which was revised up by 2,000. This is the lowest level for insured unemployment since August 4, 1973, when it was 1,633,000.

Eye on the Week Ahead

Following the short Thanksgiving week, November reports on manufacturing, trade, and jobs are available this week. Purchasing managers have not been bullish on manufacturing, although November could prove to be a more positive showing. Employment has been solid for quite some time, and November's results should show more new jobs added.

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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